

ANDINA MINERALS INC.

Management's Discussion and Analysis

June 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2010

*The following discussion and analysis is management's assessment of the results and financial condition of Andina Minerals Inc. ("**Andina**" or the "**Company**") and should be read in conjunction with the unaudited interim consolidated financial statements for the six months ended June 30, 2010 and the annual audited consolidated financial statements for the year ended December 31, 2009. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("**GAAP**") and **all dollar amounts are in United States dollars ("US\$")**, unless otherwise noted. The date of this management's discussion and analysis ("**MD&A**") is August 12, 2010. Andina's common shares trade on the TSX Venture Exchange under the symbol "ADM" and its most recent filings, including its 2009 Annual Information Form ("**AIF**") dated April 21, 2010, are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed through the Internet at www.sedar.com.*

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

- *Technical Report on the Volcan Gold Project, Region III, Chile and Updated Mineral Resource Estimate for the Dorado Gold Deposits, dated October 23, 2009, prepared by Reno Pressacco, M.Sc. (A), P.Geo., Richard Gowans, P.Eng. and Sam Shoemaker, B.Sc., MAusIMM, each of Micon International Limited ("**Micon**")*; and
- *Certain technical information on the Ojo de Agua area of the Volcan Gold Project, which is disclosed in the Company's 2008 AIF dated April 8, 2009, has been audited and confirmed by Mr. Michael Easdon, P.Geo.*

1. Forward-Looking Statements

This report contains, "forward-looking information" which may include, but is not limited to, statements with respect to the future financial and operating performance of Andina, its subsidiaries and affiliated companies, and its mineral properties, the future price of gold and other metals, the estimation of mineral resources, 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. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements in this report, or in the documents incorporated by reference, include among others: the future development of the Volcan Gold Project (as defined herein), the timing and completion of the Conceptual Development Study and Preliminary Economic Assessment on the Volcan Gold Project, the results of such studies, and the anticipated expenditures thereon; the completion of the 2009/2010 drill program which commenced in October 2009 and includes the drilling in support of gathering information for project development, and water and sulphur exploration. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Andina and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations and studies (including the Conceptual Development Study and Preliminary Economic Assessment on the Volcan Gold Project); currency

fluctuations; future prices of gold and other metals; possible variations of ore grade or recovery rates; failure of equipment to operate as anticipated; accidents, political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors discussed in section 14.5 - Risk Factors in this report. Such forward-looking statements are based on a number of material factors and assumptions, including: that contracted parties provide goods and/or services on the agreed timeframes; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; that results of studies are as anticipated and that no unusual geological or technical problems occur; that plant and equipment work as anticipated and that there is no material adverse change in the price of gold. Although Andina has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this report and Andina disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

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

2. DESCRIPTION OF BUSINESS

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

The 100%-owned Volcan Gold Project (or "**Volcan**") is located 120 kilometres east of Copiapo in Region III, Chile. Andina has completed approximately 120,000 metres of drilling at Volcan and discovered three gold deposits in the Dorado area: the Dorado East, Central and West deposits, and three gold zones in the Ojo de Agua area: Andrea, Florencia and Ojo de Agua East. The 2009-2010 field season ("**2009-2010 Field Season**") is complete and as at June 30, 2010, 20,200 metres of drill results had been released as part of the 2009-2010 in-fill drilling program. As at December 31, 2009, the Dorado deposit resources consisted of measured and indicated mineral resources of 492.5 million tonnes at an average grade of 0.62 grams per tonne gold ("**g/t Au**") for 9.8 million ounces of contained gold plus inferred resources of 36.8 million tonnes at an average grade of 0.65 g/t Au for 0.8 million ounces of contained gold all contained within an open pit scenario under stated parameters. As at December 31, 2009, the Ojo de Agua deposit resources consisted of unconstrained inferred resources of 18.6 million tonnes at an average grade of 0.85 g/t Au for total contained gold of 0.5 million ounces using a cut-off grade of 0.5 g/t Au. The drilling from the 2009-2010 Field Season has not yet been incorporated into any resource statement.

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

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

3. SUMMARY OF PROPERTIES

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

Property	Target	Location	Owned
Volcan	Gold porphyry	Region III ⁽¹⁾	Owned ⁽³⁾
Encrucijada	Silver/gold epithermal veins	Region II ⁽²⁾	Owned ⁽⁴⁾
PBA	Gold/silver epithermal veins	Region II ⁽²⁾	50% Owned

(1) Maricunga District of Atacama Region of Chile.

(2) Antofagasta Region of Chile.

(3) Subject to certain royalty payments described below.

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

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

4. EXPLORATION ACTIVITIES

4.1 Volcan Gold Project

The Volcan Gold Project is located 120 kilometres east of Copiapo in the centre of the Maricunga gold belt. Through a comprehensive multi-year exploration campaign at Volcan that began in 2005, Andina achieved its goal of establishing a significant resource base in the Dorado area deposit as well as discovering the Ojo de Agua area mineralization. Further preliminary field work has been completed on the larger Volcan land holding and several early stage drill targets have been established.

2009-2010 Field Season

In October 2009, exploration field activities commenced for the 2009-2010 Field Season. The Company originally planned to drill 38,210 metres of infill, geotechnical, condemnation and strategic exploration holes all to be completed by May 2010. During Q1 2010, the Company eliminated 17,817 metres of condemnation and other drilling as well as other aspects of the original program, in order to focus on additional development planning work in support of the CDS and PEA. The main objective of the 2009-2010 Field Season was to gather additional data from the Dorado discoveries, advance the CDS and start strategic exploration primarily on the property acquired from Barrick Gold Corporation ("**Barrick**") in May 2009.

The Company announced the beginning of the 2009-2010 Field Season activities with the mobilization of heavy equipment in preparation for the arrival at site of 2 reverse circulation ("**RC**") drill rigs and 2 diamond drill rigs. The Company relocated its camp in October 2009 to a new location that allowed for growth of the camp and complied with provisions of the permits granted to the Company covering exploration activities. The \$14.65 million budget for the entire 2009-2010 Field Season was for 38,210 metres of drilling and included exploration, development activities, studies as well as camp and other support costs. On June 7, 2010, the Company announced the final results of the 2009-2010 Field Season program. The 2009-2010 Field Season was completed in April 2010 with approximately 20,200 metres of drilling, short of the original target due to the early onset of winter and planned reduction of condemnation drilling. These drill holes were part of an overall program designed to test the extent of the mineralization of the Dorado West zone and provide further definition within the known resource. Furthermore, 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 in the quarter ending June 30, 2010, 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 being located in the Ojo de Agua East zone and some minor meterage associated with water exploration.

As at June 30, 2010 the Company reported the following expenditures with respect to the 2009-2010 Field Season:

2009-2010 Field Season Exploration Expenditures
For the Period October 1, 2009 to June 30, 2010
(in millions)

	Q4 2009 (October 1 - December 31, 2009)	Q1 2010 (January 1 - March 31, 2010)	Q2 2010 (April 1 - June 30, 2010)	2009-2010 Field Season
Drilling	\$ 0.62	\$ 1.13	\$ 0.28	\$ 2.03
Field Costs	0.69	0.76	0.42	1.87
Chilean Staff Costs	0.76	0.70	0.67	2.13
Value Added Taxes	0.39	0.62	0.25	1.26
Trenching	0.56	0.41	0.17	1.14
Camp & Communication	0.52	0.05	-	0.57
Assaying & Bulk Testing	0.18	0.25	0.09	0.52
Land Taxes	0.02	0.17	0.01	0.20
Consultant Costs	0.14	0.08	0.07	0.29
Management and Office Costs	0.12	0.02	0.04	0.18
Other	0.58	0.22	0.31	1.11
Volcan Development Planning	0.80	0.62	0.47	1.89
Total Direct Cash Costs	5.38	5.03	2.78	13.19
Stock-based Compensation (indirect non-cash cost capitalized to Mineral Properties)	0.05	0.09	0.05	0.19
Total Direct & Indirect Costs	\$ 5.43	\$ 5.12	\$ 2.83	\$ 13.38

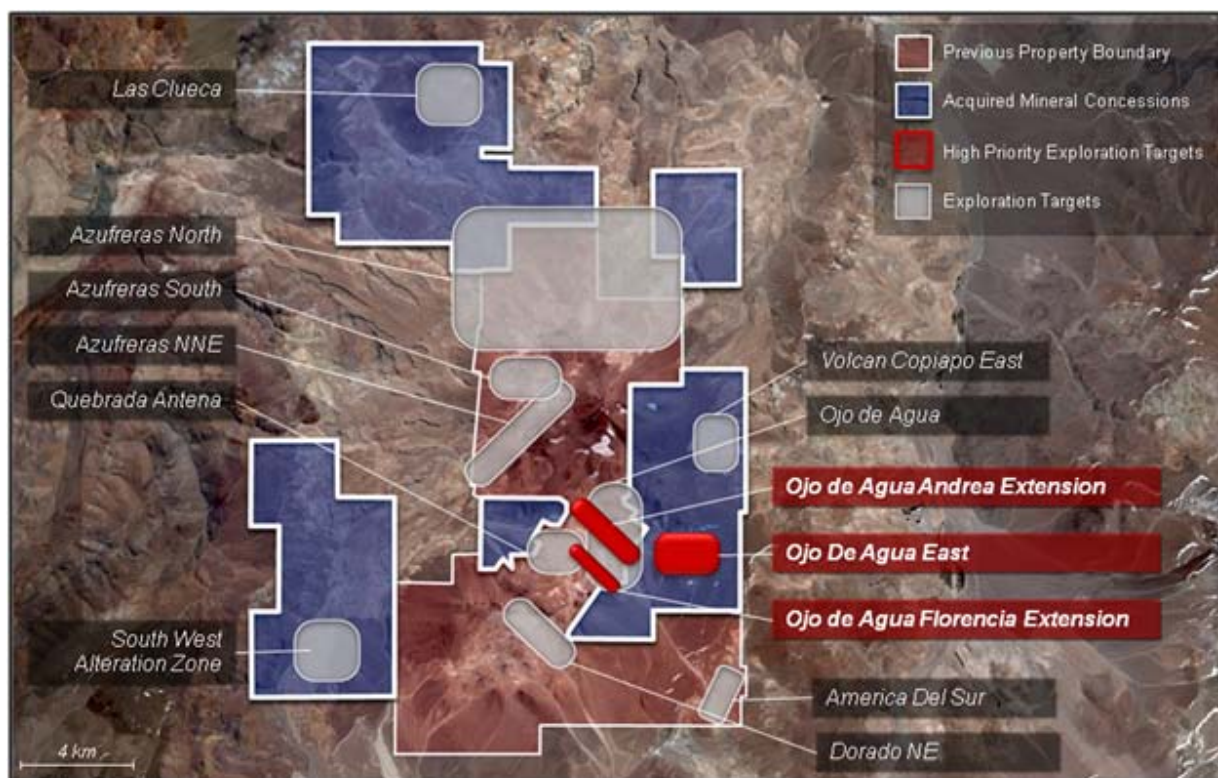
Initial drilling and assay results from Andina's infill drilling program are disclosed in Andina's Press Releases dated February 10, 2010, March 8, 2010, March 31, 2010, and June 7, 2010.

The budget for the 2009-2010 Field Season was \$14.65 million. It was reduced to \$13.20 million in January 2010 mainly as a result of the decision not to complete 10,000 metres of condemnation drilling budgeted at a cost of \$1.45 million. The program was completed at a cash cost of \$13.19 million.

Strategic Exploration

Andina's 2009-2010 Field Season included a strategic exploration plan consisting of trenching and approximately 4,000 metres of drilling. The objective of this program was to expand the current mineral resource in ways that can meaningfully enhance the initial project development at Volcan by focusing on areas with potential for higher grade mineralization in proximity to the Dorado area. The drilling was originally planned to focus on three high priority targets: Ojo de Agua Andrea extension, Ojo de Agua Florencia extension and Ojo de Agua East, but was changed to focus solely on Ojo de Agua East, being the mineral concessions acquired from Barrick Gold Corporation. In addition to drilling at Ojo de Agua, Andina also carried out extensive surface mapping, geophysics and geochemistry in order to pinpoint targets for future drilling elsewhere on the Volcan property.

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



By year end 2009, trenching programs had confirmed the extent of the gold anomaly at Ojo de Agua East and as a result drilling conducted in 2010. On June 8, 2010, the Company announced the results of two additional drill holes from the mineralized zone at Ojos de Agua East (ODAE), situated at the Volcan Project site some 6.5 kms from the known Dorado zone. These drill holes followed on from the recent discovery hole, Hole RODAE 812 which intercepted 1.2 g/t Au over 70 metres within a broader zone of 0.52 g/t Au over 336 metres. The Company originally planned to drill four additional holes but the program was cut short by early winter storms in May 2010. The ODAE Zone is part of the mineral exploration concessions acquired from Barrick in 2009. Results of the two drill holes are as follows:

- Hole RODAE 850D which returned 70 metres of 0.56 g/t Au included 18 metres of 1.71 g/t Au
- Hole RODAE 851 which returned 122 metres of 1.45 g/t Au included 32 metres at 3.25 g/t Au

See Andina Press Release dated February 25, 2010 and June 8, 2010 for a summary of the Ojo de Agua East results.

Resources

On September 10, 2009, an independent NI 43-101 compliant resource update (“**2009 Update**”) was completed by Micon for the Dorado deposits and estimated measured and indicated mineral resources of 492.5 million tonnes at an average grade of 0.62 g/t Au for 9.8 million ounces of contained gold plus inferred resources of 36.8 million tonnes at an average grade of 0.65 g/t Au for 0.8 million ounces of contained gold. This resource estimate does not encompass all gold mineralization previously identified in the Dorado deposits as it defines that portion of the resource which is potentially economic under stated parameters within an open pit mine scenario. The remaining resource beyond the pit limit has potential for inclusion in the resource as the pit encompasses more resources at higher gold prices, or as more work is performed on the potential to exploit the resource at depth by increasing the size of the open pit or large scale bulk underground mining techniques.

The 2009 Update was based on the following parameters: mining costs of \$1.10 per tonne, process cost (heap leach) of \$3.00 per tonne, general & administration costs of \$0.69 per tonne, process recoveries ranging from 55-80%, recommended slope angles ranging from 48-52 degrees and a gold price of \$850/ounce.

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

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

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

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

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

In October 2008, Andina reported the completion of an initial inferred resource estimate from the Ojo de Agua area of the Volcan Gold Project, reflecting the results of the Phase IV 2007-2008 exploration campaign. Andina has estimated that the two gold deposits identified to date in the Ojo de Agua area, the Andrea and Florencia deposits, host an inferred resource of 18.6 million tonnes at an average grade of 0.85 g/t Au for 0.5 million ounces of gold using a 0.5 g/t Au cut-off grade.

The stated resources at Volcan remain unchanged as at June 30th, 2010, pending the completion of calculations and estimates incorporating the new drill data from the 2009-2010 Field Season. A resource update is expected during the third quarter of 2010.

4.2 Other Properties

Encrucijada property – This property has been subject to geological, geochemical and geophysical surveys in the past. Surface trenching and limited RC drilling programs have confirmed the presence of epithermal silver/gold mineralization at Encrucijada. In 2008, the Company entered into an agreement with Hochschild whereby Hochschild can earn up to a 60% interest in the Encrucijada property. Hochschild can earn a 51% interest in the Encrucijada property by paying Andina \$0.5 million upon signing (completed) and spending \$3.0 million on exploration over the following 36 months (in progress) at which time it may enter into a partnership agreement (“**Partnership**”) with Andina. Hochschild may then increase its interest in the Partnership to 60% by funding the first \$3.5 million towards a feasibility study within 36 months of the formation of the Partnership. Andina retains a net smelter return royalty over the Encrucijada property, which varies from 2% up to 3.5% depending on the gold price.

As at June 30, 2010, Hochschild has not earned its 51% interest in the property as the \$3.0 million in exploration expenditures required under the agreement has not yet been completed; however this threshold is expected to be achieved during the second half of 2010. Hochschild continues to proceed with exploration activities on the property and is conducting a drilling program focused on several priority targets. To June 30, 2010 Hochschild has spent approximately \$2.98 million. These costs are subject to an independent audit under the terms of the agreement with Hochschild.

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

The Company incurred \$0.02 million in costs on the PBA property for the three and six months ended June 30, 2010. These costs related to the land taxes required to retain title to the concessions. The Company and Iron Creek are determining the next steps for this extensive land position in the prospective Region II Chile area and it is likely that surface sampling and geophysical work will be completed by year end to support a future drilling program.

5. VOLCAN CONCEPTUAL DEVELOPMENT PLANNING

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

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

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

Metallurgical Testing

Since the release of the metallurgical test results in May 22, 2008 and November 21, 2007, Andina has spent considerable time and effort collecting mineral samples, subjecting these new samples to a series of tests, and verifying the results. The results of the metallurgical work commissioned in 2009 are consistent with previously released recoveries of approximately 70%. However, these recoveries were only achievable with crush sizes that were incompatible with other operational parameters of the project, such as leach pad stability, and reasonable capital and sustainable operating costs. For this reason, the 2009 study for the heap leach base case (“**Heap Leach Base Case**”) recovery rate at the coarser crush size fell short of the recoveries indicated by the 2008 metallurgical test program and the target recovery for the project issued as guidance in the 2009 Update.

In 2008, based on test work and an assumed resource cut-off grade, the gold recovery from heap leaching was indicated as ranging from 57% - 77% with higher recoveries directly correlated with increased grades. In early 2009 samples representing various portions of the mineral resource from older stored core from prior drill programs was collected for testing. Approximately 1,250 kilograms (“**kg**”) of samples were collected from 10 distinct areas of the resource and delivered to McClelland in Reno, Nevada in mid May 2009. A portion of the samples collected were sent to KHD in Cologne, Germany for High Pressure Grind Roll (“**HPGR**”) crushing as a precursor to testing. A comprehensive series of 96 hour bottle-roll leach tests were performed on conventionally crushed and HPGR crushed material with crush sizes ranging from 19 millimetres (“**mm**”) down to 106 microns. Similar sized material was bottle-roll tested on pre-rinsed material and material that had a lead nitrate additive, beyond the standard reagent doses aimed at pH control and gold extraction. This first series of 128 bottle-roll tests were concluded in August 2009 and was the basis upon which subsequent column tests were set up and executed, also at McClelland. The Heap Leach Base Case was refined once the initial bottle-roll results had been received. Twenty-one leach column tests were set up testing conventionally crushed material at 9 mm and 6 mm, and HPGR crushed material at 6 mm and 3 mm. Final calculated head grades and full completion of the testing has been completed in Q2 2010. While the company awaits the finalized report, preliminary results under the conditions tested (6-kg/t (“**kilograms per tonne**”) cement, 1.5-kg/t lime and 500 parts per million sodium cyanide) have been received by the Company.

Based on the preliminary bottle-roll results and review by metallurgical and process design consultants, it was concluded that the 2007 and 2008 test work program which focused on a crush size of P80 of around 2 mm to 3 mm was not considered feasible for a commercial heap leach operation. The minimum practical crush size for commercial production at Volcan was established at a crush size of P80 of 6 mm. Tests were then aimed at confirming that HPGR crushing improved gold recovery over conventional crushing and establishing an overall recovery parameter for a P80 of 6 mm. Due to the fact that the original 10 samples collected had relatively high gold grades ranging from 0.98 g/t to 1.61 g/t, it was felt these samples did not fully characterize the gold tenor of Volcan, where this grade range represented only 14% of the contained ounces in the current resource inventory. While the external consultant initially selected higher grade samples to reduce the inherent error in assaying of low grade samples, the Company and its consultants later agreed that these results would not properly reflect the general characteristics of the Volcan mineralization. During July and August 2009, another set of 5 samples, totalling 1,559 kg was collected, again representing the resource spatially but this time focusing on 0.4 g/t, 0.8 g/t and 0.65 g/t Au grades, and these were shipped to McLelland and KHD. A further set of 20 bottle-roll tests were conducted on conventional and HPGR crushed material with size ranges between 2 mm and 12 mm with the emphasis on

the 6 mm (P80) crush size for both HPGR and conventional crushed products. Results from bottle-roll tests from these samples are now available.

Initial results for the 2009 Heap Leach Base Case, which incorporates conventional primary, secondary, and then HPGR tertiary crushing, showed that for a nominal P80 6 mm leach feed, recoveries of approximately 57% to 60% might be expected for the average grade material as described in the Company's February 24th, 2010 press release. The final results are withheld pending further investigations into the performance of the mineral subjected to testing which yielded lower recovery rates and higher reagent consumption than had been expected. The laboratory column tests used as a surrogate to simulate agglomerating the crushed feed to the leach pad with cement, lime and applying barren leach solution at the agglomerating stage conducted in 2009 were carried out on sample collected from old stored core which has been subjected to weathering by the elements in the sample storage area. Poor column performance was noted in the 2009 Phase II testing and as a consequence investigations were initiated to establish the reasons why reagent consumption was high and recoveries were lower than expected. With indications that better recoveries might be expected for Dorado East and West deposits than were originally reported, additional bottle roll leach tests and short column tests have been carried out in Q2 2010 on fresh mineral sample. The metallurgical response on the fresh mineral sample is proving to be better than that obtained on the old sample tested in 2009. Preliminary conclusions suggest that Volcan mineral if left to weather triggers the oxidization of sulphide that can cause poor metallurgical response. In 2010 process alternatives are being advanced with this condition in mind. Initial results are encouraging indicating that the negative impact of weathered sulphide minerals can be addressed. It is believed that metallurgical studies will be sufficiently advanced to provide new guidance as to Volcan gold recovery and operating costs during the latter part of 2010.

Additionally, metallurgical work initiated in 2009 to look at alternatives to the base case established in 2009 for the PEA and CDP is evolving in 2010 to provide data and back-up for process alternatives. The 2009 base case is considered to have higher costs due largely to the need to maintain percolation and solution transmission through the heap with a very fine crushed product resulting in the need for an agglomerated mineral nodule constituting the feed to the pad. This further resulted in limitations in pad stability and stack height calling for mineral to be stacked mechanically onto an on-off reusable pad with spent material being deposited in a lined storage facility after rinsing and water recovery.

Conceptual Development Study Update

Considerable engineering work has been completed on the 2009 Heap Leach Base Case much of which remains valid for both the Base Case and alternatives that are being considered. The metallurgical data to support and optimize the trade-off of recoveries and other factors such as capital costs for various heap leach and process plant configurations is advancing well. Consequently, alternative process flow sheets are now under consideration in the CDS. Initial desktop evaluations of the economics of the Volcan Gold Project have indicated that alternatives to the 2009 Base Case could improve the economics through better recoveries, lower operating cost and a reduced capital investment. Optimizing recoveries and the mining and processing of better defined material in the new resource model, is the current focus of activity.

Alternative scenarios under consideration are:

- Coarser Crush for Low-Grade ores and Milling for Higher-Grade ores – This alternative considers conventional heap leaching for the majority of the ore tonnage but allows the higher-grade portion of the feed to be milled before carbon-in-leach gold extraction in order to enhance gold recoveries. Having milled the feed, flotation is also being tested to see if a saleable sulphide concentrates can be produced;
- Coarse Milling With, and Without, Flotation – This alternative seeks to capture as much of the free and encapsulated gold at reasonable grind sizes for whole ore leaching, or recovery of gold and sulphide concentrates for more intensive treatment in a flotation concentrate. Due to the low-grade nature of much of the Volcan mineralization and lack of significant improvement in recovery until finer

grind sizes are reached, it seems unlikely however that whole ore milling including lower grade material provides a likely alternative ; and

- Coarser Conventional and HPGR Crush and Heap Leach – This alternative reverts to a more conventional heap leaching technology, which will require lower development capital. The possibility of fines removal from a HPGR crushed product also has emerged as a compelling alternative that is being pursued.

During the quarter, metallurgical work has advanced under the supervision of experienced metallurgical consultants primarily at the Kappes Cassiday & Associates facilities. Furthermore, a deeper understanding of the mineralogy and elemental content of the mineral feed has led to the recognition of the role of sulphide minerals in the metallurgical response of Volcan mineral including the effects of limited amounts of copper in the deposit. With the introduction of grinding as a process option, the possibility of separating sulphide through flotation can now be considered. Volcan is a primary deposit with little oxidization and sulphide content which, if not pacified or otherwise dealt with, may have a negative effect on reagent consumption. Work is incomplete but advancing well on the metallurgical performance utilizing different process scenarios and data to support the economic evaluation of process alternatives will be available during the second half of 2010.

The final CDS will address all of the alternatives mentioned above, including the advances beyond the 2009 Heap Leach Base Case, and evaluate final projected gold recoveries, capital and operating costs, and other key parameters for a preferred option. A key aspect affecting the alternatives is the development and use of a more restrictive resource model which aims to preserve gold grades and identify higher grade units for selective mining and processing. The results of the alternatives are expected in the second half of 2010, following which the Company would target completion of a prefeasibility study for the leading alternative by mid 2011 assuming that such work is justified by economic evaluation.

Water Rights

In June 2008, Andina acquired water rights, having a sustainable draw rate of 247 litres per second in two wells located approximately 21 kilometres from the Dorado deposits and approximately 10 kilometres east of the northern corner of the Volcan concessions. Andina commissioned SWS, water management consultants, in 2009 to evaluate and assess the acquired water sources. As at the date of this MD&A the studies are ongoing. As a subsequent event to the status of Andina's water rights as at June 30, 2010, Andina has 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 in the equitable benefit of the water rights holders and in compliance with Chilean water laws and best practices.

6. CORPORATE SOCIAL RESPONSIBILITY

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

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

investigating the formation of a trust to make disbursements to the community as part of its community support program.

7. PROPERTY EXPENDITURES AND COMMITMENTS

Andina's expenditures on mineral properties for the period ending December 31, 2009 and for the six months ended June 30, 2010, were as follows (in millions):

Property	Balance December 31, 2009	Exploration costs	Development planning costs	Balance June 30, 2010
Encrucijada	\$ 0.77	\$ -	\$ -	\$ 0.77
Pampa Buenos Aires ("PBA")	\$ 1.49	\$ 0.02	\$ -	\$ 1.51
Volcan	\$ 64.00	\$ 6.86	\$ 1.09	\$ 71.95
	\$ 66.26	\$ 6.88	\$ 1.09	\$ 74.23

During the six months ended June 30, 2010, Andina incurred \$7.97 million in capitalized expenditures on these properties, focused mainly on the flagship Volcan Gold Project. These expenditures included \$6.88 million in capitalized exploration costs and \$1.09 million in capitalized development planning costs.

Of the \$6.88 million spent in 2010 on exploration expenditures on the Chilean properties, 99.7% of the costs, or \$6.86 million, were incurred on the Volcan Gold Project as Andina focused its exploration activities on its most prospective property. The following table identifies the breakdown of the Volcan expenditures:

Volcan Gold Project Exploration Expenditures
For the Six Months Ended June 30, 2010
(in millions)

Drilling	\$ 1.42
Field Costs	1.18
Chilean Staff Costs	1.36
Value Added Taxes	0.87
Trenching	0.59
Camp & Communication	-
Assaying & Bulk Testing	0.34
Land Taxes	0.18
Consultant Costs	0.16
Management and Office Costs	0.06
Other	0.56
Total Direct Cash Costs	6.72
Stock-based Compensation (indirect non-cash cost capitalized to Mineral Properties)	0.14
Total Direct & Indirect Costs	\$ 6.86

The exploration expenditures were incurred to conduct the 2009-2010 Field Season (see Section 4.1 – Volcan Gold Project – 2009-2010 Field Season for a breakdown of the \$13.38 million 2009-2010 Field Season expenditures incurred to June 30, 2010). The 2009-2010 Field Season commenced in October 2009, and includes 20,393 metres of infill and strategic exploration drilling. The main objective of the 2009-2010 Field Season was to gather additional data from the Dorado discoveries to advance the CDS, start strategic exploration primarily on the property acquired from Barrick in May 2009, and continue with the Company's development planning work to proceed with completing the CDS and PEA.

Volcan Gold Project's development planning expenditure in support of the CDS and PEA was \$0.47 million for the three months ending June 30, 2010 and \$1.09 million for the six months ended June 30, 2010, reported as follows:

Volcan Gold Project Development Planning Expenditures
Cumulative and for Quarter 1 and Quarter 2, 2010
(in millions)

	Cumulative to December 31, 2009	For the three months ended March 31, 2010	For the three months ended June 30, 2010	Cumulative to June 30, 2010
Metallurgical Assessment	\$ 0.70	\$ 0.16	\$ 0.22	\$ 1.08
Mine Design & Layout	0.34	0.02	-	0.36
Conceptual Development Study	0.29	0.07	-	0.36
Environmental & Permitting	0.24	0.33	0.13	0.70
Resource Review	0.15	0.02	0.09	0.26
Electrical Power and Water Pipeline Design	0.09	0.02	0.03	0.14
Access Road & Other	0.11	-	-	0.11
Total Direct Cash Costs	\$ 1.92	\$ 0.62	\$ 0.47	\$ 3.01

8. QUARTERLY FINANCIAL INFORMATION

The following selected data for the past eight quarters has been prepared in accordance with Canadian GAAP:

	Quarter Ended Jun.30, 2010	Quarter Ended Mar.31, 2010	Quarter Ended Dec.31, 2009	Quarter Ended Sep.30, 2009
Operations				
Interest income	\$ (20,994)	\$ (22,695)	\$ (9,688)	\$ (9,079)
Expenses	675,700	566,679	743,648	649,377
Foreign exchange loss (gain)	1,204,250	(1,084,178)	(125,783)	(1,411,133)
Gain on sale of other mineral properties	-	(95,332)	-	-
Stock-based compensation	258,234	345,614	112,640	144,736
Mineral properties written off	-	-	-	-
Future income tax recovery	-	-	(648,288)	-
Net loss (earnings)	\$ 2,117,190	\$ (289,912)	\$ 72,529	\$ (626,099)
Net loss (earnings) per share - Basic and fully diluted	\$ 0.02	\$0.00	\$0.00	(\$0.01)
Total Assets				
Cash	\$ 33,075,918	\$ 38,425,217	\$ 43,893,941	\$ 21,595,402
Other current assets	293,030	410,019	344,237	226,895
Mineral properties	74,230,374	71,406,893	66,260,282	60,827,835
Property, plant and equipment	95,582	56,022	70,785	51,438
Intangible assets	26,582,786	26,582,786	26,582,786	26,582,786
	\$ 134,277,690	\$ 136,880,937	\$ 137,152,031	\$ 109,284,356
	Quarter Ended Jun.30, 2009	Quarter Ended Mar.31, 2009	Quarter Ended Dec.31, 2008	Quarter Ended Sep.30, 2008
Operations				
Interest income	\$ (7,911)	\$ (19,744)	\$ (64,991)	\$ (124,249)
Expenses	703,287	969,864	419,174	532,576
Foreign exchange loss (gain)	(135,772)	289,925	1,715,982	666,083
Stock-based compensation	160,143	320,343	46,456	130,633
Mineral properties written off	-	-	(1,370)	560,105
Net loss (earnings)	\$ 719,747	\$ 1,560,388	\$ 2,115,251	\$ 1,765,148
Net loss (earnings) per share - Basic and fully diluted	\$0.01	\$0.02	\$0.03	\$0.02
Total Assets				
Cash	\$ 22,577,575	\$ 12,692,179	\$ 15,809,283	\$ 19,573,473
Other current assets	222,798	190,079	419,044	506,251
Mineral properties	58,891,354	52,573,617	49,833,044	48,000,385
Property, plant and equipment	29,642	15,770	17,072	31,427
Intangible assets	26,582,786	26,582,786	26,582,786	26,582,786
	\$ 108,304,155	\$ 92,054,431	\$ 92,661,229	\$ 94,694,322

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

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

Foreign exchange losses and gains are primarily a result of the fluctuations in the US\$ against the Canadian dollar ("CDN\$"). Any strengthening (or weakening) of the US\$ against the CDN\$ results in foreign exchange losses (or gains) on the Company's CDN\$ denominated cash balance.

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

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

The increase in intangible assets results from the \$26.58 million acquisition of water rights in the second quarter of 2008.

9. RESULTS OF OPERATIONS

Operations	Three months ended		Six months ended	
	2010	June 30, 2009	2010	June 30, 2009
Salaries, benefits and director fees	\$ 242,910	\$ 422,033	\$ 481,742	\$ 1,075,227
General and administrative	132,549	41,856	232,504	104,480
Travel	70,268	81,691	135,267	142,830
Regulatory and shareholder information	113,121	87,728	184,482	153,539
Legal and audit	26,530	61,204	87,769	109,314
Consulting fees	63,931	40,027	104,343	91,716
Amortization	7,399	1,870	14,416	3,173
Stock-based compensation	258,234	160,143	603,848	480,486
Foreign exchange loss (gain)	1,204,250	(135,772)	120,072	154,153
Interest income	(20,994)	(7,911)	(43,689)	(27,655)
Gain on sale of other mineral properties	-	-	(95,332)	-
Unrealized loss (gain) on marketable securities held for trading	18,992	(33,122)	1,856	(7,129)
Net loss (income)	2,117,190	719,747	1,827,278	2,280,135
Net loss (income) per share - Basic and fully diluted	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.03

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

9.1 Six Months Ended June 30, 2010

Andina's results of operations for the six months ended June 30, 2010 resulted in net loss of \$1,827,278, compared to a loss in the comparative period last year of \$2,280,135.

The variance between the two periods is due to:

- Salaries, benefits and directors fees for the six-month period ended June 30, 2010 decreased from same period last year due to the one-time severance of CDN\$500,000 and CDN\$218,500 paid to the former CEO and CFO, respectively, in the first half of 2009. Excluding the severance, ongoing

salaries, benefits and directors fees increased in the first half of 2010 due to the full-time employment of the Company's development-focused management team, the majority of whom were hired in Q1 2009;

- General and administrative costs increased in the first half of 2010 compared to same period in 2009 due to higher taxes from prior year EHT audits and higher capital tax payments than 2009 year-end accrual;
- Legal and audit fees for the six months ended June 30, 2010 decreased from same period last year due to lower legal costs related to employment related matters;
- Stock-based compensation is affected primarily by the timing of option grants, as 25% of the value of the options is generally expensed on the date of the grant and the remaining 75% of the value is generally expensed over the 18 month vesting period of the options;
- The gain on sale of other mineral properties in the first half of 2010 relates to the proceeds received on the sale of the Company's Quitovac property in Sonora, Mexico, to Copper Ridge. The Company received CDN\$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;
- The unrealized gain on marketable securities held for trading is due to the change in market value of the Company's investments in Iron Creek and Copper Ridge.

9.2 Three Months Ended June 30, 2010

Andina's results of operations for the three months ended June 30, 2010 resulted in net loss of \$2,117,190, which was higher than the loss in the comparative period last year of \$719,747.

The variance between the two periods is due to:

- Salaries, benefits and directors fees in Q2 2010 decreased from Q2 2009 due to the one-time severance of CDN\$218,500 paid to the Company's former CFO in Q2 2009. Excluding this severance, on-going salaries, benefits and directors fees increased in Q2 2010 due to the full-time employment of the Company's development-focused management team, the majority of whom were hired in March 2009;
- General and administrative costs increased in the three-month period ended June 30, 2010 compared to same period last year due to higher taxes paid on prior year EHT audits and higher capital tax payments in Q2 2010 than 2009 year-end accrual;
- Legal and audit fees for Q2 2010 decreased from same period last year due to lower legal costs related to employment related matters;
- Stock-based compensation is affected primarily by the timing of option grants, as 25% of the value of the options is generally expensed on the date of the grant and the remaining 75% of the value is generally expensed over the 18 month vesting period of the options; and
- Foreign exchange loss / (gain) - During Q2 2010, the US\$ strengthened against the CDN\$, moving from 0.98 CDN\$/US\$ at March 31, 2010 to 0.94 CDN\$/US\$ at June 30, 2010, thus creating a loss on the Company's CDN\$ denominated cash balance for the three months ended June 30, 2010. During Q2 2009, the US\$ weakened against the CDN\$, moving from 0.79 CDN\$/US\$ at March 31, 2009 to 0.86 CDN\$/US\$ at June 30, 2009, resulting in a gain on the Company's CDN\$ denominated cash balances for Q2 2009. The Company had a higher CDN\$ cash balance during the three months ended June 30, 2010 as opposed to the same period in the prior year due to the funds raised from the June 16, 2009 and December 2, 2009 financings, which resulted in a larger impact from the change in the CDN\$/US\$ foreign exchange rate for Q2 2010;
- The gain on sale of other mineral properties for the six months ended June 30, 2010 relates to the proceeds received on the sale of the Company's Quitovac property in Sonora, Mexico, to Copper Ridge. The Company received CDN\$65,000 in cash (or \$63,070) and 95,000 common shares of

Copper Ridge which had a value of \$32,262 upon execution of the agreement.

- The unrealized gain on marketable securities held for trading is due to the change in market value of the Company's investments in Iron Creek and Copper Ridge.

10. LIQUIDITY AND CAPITAL RESOURCES

Andina is wholly dependent on equity financing to complete the development of its mineral properties (see Section 14.5 – Risk Factors). Andina has not generated any revenue from operations and does not expect to generate any such revenue in its current or next fiscal year.

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

On December 2, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters purchased on a bought deal basis, 12,500,000 units at a price of CDN\$2.00 per unit for gross proceeds of CDN\$25.0 million. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN\$2.25 until June 2, 2012. The offering had a 15% over-allotment option, allowing the underwriters to acquire up to an additional 1,875,000 units at a price of CDN\$2.00 per unit for 30 days after the close of the offering. On December 10, 2009, the underwriters purchased 1,875,000 units under this over-allotment option for gross proceeds of CDN\$3.75 million. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering. The Company also incurred \$0.29 million of other cash share issuance costs in relation to the transaction. The net proceeds raised from the December 2, 2009 financing (including the over-allotment option), converted to US\$, was \$25.44 million.

In accordance with the disclosure in Andina's Short Form Prospectus dated June 8, 2009 (the "**June 2009 Prospectus**") and the Amended and Restated Short Form Prospectus dated November 23, 2009 (the "**November 2009 Prospectus**"), the table below shows the actual use of proceeds against the planned use of proceeds from the financings, as follows:

Financing Use of Proceeds (in US\$ millions)	June 16, 2009 Proceeds ⁽¹⁾	December 2, 2009 Proceeds ⁽²⁾	Total Use of Proceeds	Actual to June 30, 2010
Volcan Region Strategic Exploration & Development Drilling	\$ 10.03	\$ 17.30	\$ 27.33	\$ 11.49
Engineering & Planning Costs	1.01	4.05	5.06	2.80
General Corporate Purposes	1.62	4.09	5.71	2.75
	\$ 12.66	\$ 25.44	\$ 38.10	\$ 17.04

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

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

As at June 30, 2010, Andina's working capital was \$31.90 million (December 31, 2009 – \$40.89 million). Working capital is calculated as the total of cash (\$33.08 million), marketable securities (\$0.18 million), and accounts receivable and prepaid expenses (\$0.11 million) less accounts payable and accrued liabilities

(\$1.47 million). Andina's cash is held in interest earning accounts, which are fully liquid deposits held at a major Canadian chartered bank. Andina does not invest in asset-backed commercial paper.

Working capital decreased for the three months ended June 30, 2010 due primarily to \$4.11 million on mineral property and operating expenditures.

As of June 30, 2010, Andina had approximately \$33.08 million in cash. The budget for the 2009-2010 Field Season, which includes spending on exploration, development planning and other supporting activities, is \$14.65 million. The Company's development-related exploration drilling is profiled in Section 4 – Volcan Conceptual Development Planning, and the strategic exploration drilling is profiled in Section 5.1 – Volcan Gold Project. Expenditures for the 2009-2010 Field Season were \$13.38 million at June 30, 2010.

On June 1, 2010, the Company announced it had completed the second installment of the 2009 Land Acquisition from Barrick Gold Corporation (Barrick). On May 21, 2009 Andina agreed to acquire the exploration rights to certain properties in Chile previously owned by Barrick, as well as a number of exploration applications surrounding Andina's Volcan Gold Project ("Acquired Barrick Concessions"). The transaction required that Andina issue an initial tranche of 2.0 million shares followed by a second installment of Andina common shares worth US\$1.5 million payable one year from closing. This second installment of Andina common shares issued at a value of US\$1,500,000 was completed in accordance with the agreement and resulted in the issuance for 1,408,980 Andina common shares. The properties are also subject to a Net Smelter Return (NSR) royalty of 1.5% on any metals produced from the Acquired Barrick Concessions.

The Company has the following forecast for expenditures for the three months ending September 30, 2010:

- CDS and PEA Planning - Volcan development planning spending is based on the scope of design work, and the potential requirement for additional geological data. Currently, the Company estimates a further \$1.0 million in spending in this area;
- Drilling Activities – Planning for the 2010/2011 Field Season will start in the quarter ending September 30, 2010. The season is not expected to start until the quarter ending December 31, 2010.

Andina had no off balance sheet arrangements as at June 30, 2010.

11. OUTLOOK

The Company expects to start a 20,100 metres 2010-2011 Field Season drilling program and mobilize in the fourth quarter of 2010.

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

- Completion of the resource estimate and engineering subsequent to the 2009-2010 in-fill drilling program on the Dorado resource which will help identify the different gold grade zones within the resource;
- Resource modeling which would focus on a better interpretation of higher grade zones within the overall resource. This would support selective mining which could serve to reduce dilution seen in the resource model for the Heap Leach Base Case and support other scenarios being investigated;
- Completion of metallurgical and mineralogical investigations currently being assessed in support of process alternative and Base Case optimization.
- Update mine planning based on each of the alternatives being reviewed;
- Sizing plant and finalizing process flow streams; and
- Estimating capital, operating costs and project economics for the various options under review.

While a considerable amount of engineering work has taken place in the last 12 months, the critical path item during the next year will be the ongoing metallurgical work in support of the engineering studies for the various alternatives and an updated resource model aimed at selective mining and processing. Andina intends to complete the evaluation of the project alternatives in the second half of 2010.

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

The current Chief Financial Officer resigned effective June 30, 2010 (see Andina Press Release June 4, 2010) and is consulting on a part-time basis for the period July 1st until September 30th, 2010 to facilitate an orderly transition to a new incumbent. The Company has an active search process in place and expects to announce a replacement Chief Financial Officer in the fourth quarter of 2010.

12. CRITICAL ACCOUNTING ESTIMATES

Andina's significant accounting policies are summarized in notes 2 and 3 to the audited consolidated financial statements for the year ended December 31, 2009. These financial statements have been prepared using Canadian GAAP applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Andina is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage (see Section 14.5 – Risk Factors). As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Andina's consolidated financial statements.

12.1 Mineral Properties

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

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

12.2 Warrants

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

12.3 Stock-based Compensation

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

13. OUTSTANDING SHARE DATA

	Number of Shares
Common shares	109,144,087
Unexercised broker warrants - June 2009	310,050
Unexercised warrants - December 2009	14,375,000
Unexercised stock options	6,792,875
Fully diluted share capital - August 12, 2010	130,622,012

13.1 Common and Preferred Shares

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

13.2 Warrants

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

Each of the 14,375,000 warrants issued in connection with the December 2, 2009 (including over-allotment option) bought deal prospectus financing remain outstanding as of the date of this MD&A and entitle the holder to purchase one common share of the Company for each warrant at a price of CDN\$2.25 until June 2, 2012.

13.3 Stock Options

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

During the three months ended June 30, 2010, Andina issued 150,000 stock options, 473,750 stock options expired and 134,000 stock options were exercised. The following stock options were outstanding at June 30, 2010:

Issue date	Options outstanding	Options exercisable	Exercise price (CDN\$)	Weighted average remaining life (Years)
August 24, 2005	100,000	100,000	\$ 0.70	0.15
September 27, 2005	150,000	150,000	\$ 0.70	0.24
April 18, 2006	1,171,000	1,171,000	\$ 1.35	0.80
January 16, 2007	25,000	25,000	\$ 3.00	1.55
May 9, 2007	505,000	505,000	\$ 3.25	1.82
November 29, 2007	75,000	75,000	\$ 4.60	2.42
February 29, 2008	75,000	75,000	\$ 4.30	2.67
October 8, 2008	951,875	951,875	\$ 1.50	2.90
January 5, 2009	1,000,000	750,000	\$ 1.08	3.52
February 18, 2009	200,000	150,000	\$ 1.80	3.64
February 27, 2009	500,000	375,000	\$ 1.70	3.67
March 12, 2009	250,000	187,500	\$ 1.52	3.70
March 27, 2009	15,000	15,000	\$ 1.75	3.74
August 12, 2009	80,000	40,000	\$ 1.50	4.12
March 11, 2010	1,665,000	491,250	\$ 1.20	4.47
June 4, 2010	150,000	37,500	\$ 1.08	4.93
	6,912,875	5,099,125		

Subsequent to June 30, 2010, 125,000 stock options were exercised, 10,000 stock options expired, and 15,000 stock options were granted.

14. OTHER INFORMATION

14.1 Contractual Commitments

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

14.2 Changes in Accounting Policies including Initial Adoption

The Company did not adopt any new Canadian Institute of Chartered Accountants (“CICA”) standards during the three months ended June 30, 2010.

14.3 Future Accounting Pronouncements

Convergence with International Financial Reporting Standards (“IFRS”)

In February, 2008, the CICA confirmed that the use of IFRS will be required in Canada for publicly accountable profit oriented enterprises for fiscal years beginning on or after January 1, 2011. The Company will be required to report using IFRS beginning January 1, 2011.

The Company's IFRS project plan has three phases: preliminary scoping and diagnostic impact assessment, detailed component analysis and design, and execution. The Company has completed the preliminary scoping and diagnostic impact assessment as well as the detailed component analysis portion of the second phase. The Company is in the design portion of the second phase in which it is determining its policies and procedures for IFRS. This phase is expected to be completed in Q3 2010 and the Company will execute the design to formulate a set of notional IFRS financial statements with accompanying note disclosures in Q4 2010.

Based on the analysis completed to date, the Company expects that the adoption of IFRS will require minimal changes to its internal controls over financial reporting and disclosure controls and procedures.

The Company has also has determined that IFRS is not expected to have a material impact on share-based compensation. In addition, the Company anticipates that its policies with respect to financial statement presentation and various other items will change as a result of adopting IFRS. The areas impacted by IFRS discussed above should not be regarded as a comprehensive list of changes that will result from the transition to IFRS. The impact of IFRS on the consolidated financial statements is not quantifiable at this time.

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

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

14.5 Risk Factors

The Company is in the advanced exploration stage and is transitioning to development and is subject to the risks and challenges similar to other companies in a comparable stage. The risk factors set forth in Andina's 2009 AIF dated April 21, 2010, the June 2009 Prospectus and the November 2009 Prospectus, copies of

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