



ANDINA MINERALS INC.

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS**

I. PURPOSE

The Compensation Committee is a committee of the Board of Directors of Andina Minerals Inc. (the “Company”) with the primary function to assist the Board of Directors in fulfilling its oversight responsibilities by:

- Reviewing and approving and then recommending to the Board of Directors salary, bonus, and other benefits, direct or indirect, and any change of control packages of the President and Chief Executive Officer and other members of the senior management team;
- Reviewing compensation of the Board of Directors on at least an annual basis;
- Recommendation of salary guidelines to the Board of Directors;
- Administration of the Company’s compensation plans, including stock option plans, outside directors compensation plans, and such other compensation plans or structures as are adopted by the Company from time to time;
- Research and identification of trends in employment benefits;
- Establishment and periodic review of the Company’s policies in the area of Management benefits and perquisites.

II. COMPOSITION AND MEETINGS

The Compensation Committee shall be comprised of at least three directors, at least two of whom shall be an “independent director”, meaning (except in British Columbia) he or she has no direct or indirect material relationship with the Company, in accordance with National Policy 58-201 *Corporate Governance Guidelines*, as set out in Schedule “A hereto. In British Columbia, a director is independent unless a reasonable person with knowledge of all relevant circumstances would conclude that the director is in fact not independent of management or of any significant shareholder. Each member will have skills and/or experience which are relevant to the mandate of the Compensation Committee.

The members of the Compensation Committee shall be elected by the Board of Directors at the annual organizational meeting of the Board of Directors or until their successors are duly elected



and qualified. Unless a Chair is elected by the full Board of Directors, the members of the Compensation Committee may designate a Chair by majority vote of the full membership of the Compensation Committee.

The Compensation Committee shall meet at least once annually or more frequently as circumstances require, without Management being present. The Committee may ask members of Management or others to attend meetings or to provide information as necessary. The Compensation Committee may retain and terminate the services of outside compensation specialists and other advisors to the extent required, and shall have the sole authority to approve their fees and other retention terms. The Company shall provide for appropriate funding, as determined by the Committee, for payment to any compensation specialist or other advisors retained by the Committee, search firms, counsel or other consultants.

Quorum for the transaction of business at any meeting of the Compensation Committee shall be a majority of the number of members of the Compensation Committee or such greater number as the Compensation Committee shall by resolution determine.

Meetings of the Compensation Committee shall be held from time to time as the Compensation Committee or the Chairman of the Compensation Committee shall determine upon 48 hours notice to each of its members. The notice period may be waived by a quorum of the Committee.

III. RESPONSIBILITIES AND DUTIES

Responsibilities and duties of the Compensation Committee include:

1. Annually reviewing and revising this Charter as necessary with the approval of the Board of Directors.
2. Providing periodic reports to the Board of Directors on compensation matters.
3. Annually reviewing and making recommendations to the Board of Directors upon the recommendation of members of senior management with respect to the Company's overall compensation and benefits philosophies and programs for employees, including base salaries, bonus and any incentive plans, deferred compensation and retirement plans and share purchase or issuance plans including stock options. As part of its review process, the Compensation Committee will review peer group and other mining industry compensation data reported through surveys and other sources.
4. Annually reviewing and making recommendations to the Board of Directors with respect to the Company's compensation and benefit programs for the President and Chief Executive Officer and other senior officers of the Company including base salaries, bonuses or other performance incentives and stock options. In setting the President and Chief Executive Officer's salary, the Compensation Committee will take into consideration salaries paid to chief executive officers in the gold and general mining industry. The President and Chief Executive Officer's contribution towards the Company's achievement of business goals and objectives for the previous financial year



will form the basis for the Compensation Committee's recommendations concerning bonus or other performance recognition awards.

5. Reviewing and making recommendations to the Board of Directors with respect to the implementation or variation of stock option, share purchase plans, compensation and incentive plans and retirement plans. The number of options granted will give consideration to the potential contribution an individual may make to the success of the Company.
6. The Compensation Committee shall ensure that it reviews all executive compensation disclosure before it is publicly disclosed.
7. The Compensation Committee is responsible for reviewing and recommending to the Board the compensation of the Board of Directors including, annual retainer, meeting fees, option grants and other benefits conferred upon the Board of Directors.
8. The Compensation Committee is responsible for viewing and submitting to the Board of Directors as a whole, recommendations concerning executive compensation and compensation plan matters. Unless such matters are delegated specifically to the Compensation Committee, the Compensation Committee shall only make recommendations to the Board of Directors for their consideration and approval, if appropriate. The Board of Directors will have the responsibility to instruct management to implement the directives.



SCHEDULE “A”

Independence Requirements under National Policy 58-201 Corporate Governance Guidelines

Pursuant to National Policy 58-201 *Corporate Governance Guidelines*, a “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgement.

For greater certainty, the following individuals are considered to have a material relationship with the Company:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;
- (c) an individual who:
 - (i) is a partner of a firm that is the Company’s internal or external auditor;
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the Company’s internal or external auditor;
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serve or served at the same time on the entity's compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than Cdn.\$75,000 per year in direct compensation from the Company during any 12 month period within the last three years.

Despite the foregoing, an individual will not be considered to have a material relationship with the Company solely because:

- (i) he or she had a relationship identified above if that relationship ended before March 30, 2004; or



- (ii) he or she had a relationship identified above with a subsidiary entity of the Company or a parent of the Company if that relationship ended before June 30, 2005.

For the purposes of clauses (c) and (d) above, a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

For the purposes of clause (f) above, direct compensation does not include:

- (a) remuneration for acting as a member of the board of directors or any board committee of the Company, and
- (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Despite the foregoing, an individual will not be considered to have a material relationship with the Company solely because the individual or his or her immediate family member

- (a) has previously acted as an interim chief executive officer of the Company, or
- (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Company on a part-time basis.

References above to the Company include a subsidiary entity of the Company and a parent of the Company.