

ANDINA MINERALS INC.

Management's Discussion and Analysis

September 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006

*The following discussion and analysis is management's assessment of the results and financial condition of Andina Minerals Inc. ("Andina") and should be read in conjunction with the unaudited consolidated financial statements for the three and nine months ended September 30, 2006 and the audited consolidated financial statements for the year ended December 31, 2005. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and **all dollar amounts are in United States dollars**. The date of this management's discussion and analysis is November 22, 2006. Andina's common shares trade on the TSX Venture Exchange under the symbol "ADM" and its most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at www.sedar.com.*

The "Independent Qualified Person(s)" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators for Andina's exploration projects in the following discussion and analysis are noted as follows. Michael Easdon, a Register Professional Geologist of Santiago, Chile is the qualified person for the Volcan project exploration program and audited and confirmed the Volcan resource estimates and prepared the 43-101 compliant Technical Reports discussing the resource estimates which have been filed at www.sedar.com. Michael Easdon was also the qualified person for each of the Aroma and Anocarire project exploration programs.

Andina is a development stage company with gold and silver mineral exploration properties in northern Chile. Current exploration work is focused on Andina's Volcan gold property where a drilling program is underway to increase the size of the present mineral resource of 1.44 million ounces of gold in the indicated mineral resource category and 1.16 ounces of gold in the inferred mineral resource category (see Section 1.1).

1. Exploration Activities

Andina has acquired the right to purchase several mineral properties located within Chile's primary mining areas as summarized below:

Property	Target	Location
Volcan	Gold porphyry	Region III
Anocarire	Gold porphyry	Region I
Encrucijada	Gold/silver epithermal veins	Region III
Pampa Buenos Aires	Gold/silver epithermal veins	Region II

All of the exploration properties are at an early stage of development. A summary of the work performed by the previous operators on these properties is reported within Andina's Technical Report titled "Review of Gold and Copper Exploration Potential of Mineral Properties in Chile" dated November 12, 2004 which was filed at www.sedar.com on November 24, 2004.

1.1 Volcan Gold Project

The Volcan property, located 170 kilometres east of Copiapo in the centre of the Maricunga gold belt, has been subject in the past to systematic geological, geochemical and geophysical surveys and drilling campaigns.

In the first half of 2005, Andina undertook a limited diamond drilling exploration program on the first exploration target, the Dorado East Zone. The results were encouraging and included a 146 metre interval from diamond drill hole DVA-01 grading 1.27 grams per tonne gold commencing from surface and a second interval of 24 metres grading 0.67 grams per tonne gold starting 262 metres downhole. In addition to the diamond drill results, positive assay results were received from the channel sampling. This exploration program was halted for the season in the second quarter of 2005 due to severe winter storms.

During the third quarter of 2005, Andina completed an estimate of the mineral resource at the East Zone. Andina estimated that the East Zone contained 12.3 million tonnes grading 1.04 grams per tonne gold or 411,700 ounces of gold in the inferred mineral resource category at a cut-off grade of 0.5 grams per tonne gold. With this benchmark resource established, Andina commenced an exploration program at the end of the third quarter of 2005 focused on significantly increasing the resource base in the Dorado area of the Volcan property. The initial focus of the exploration program was delineation and infilling drilling at the East Zone which was then followed by a delineation drilling program at the Central Zone which Andina had discovered in early 2005.

By February 2006, Andina had completed sufficient drilling on the East and Central Zones to undertake a new resource estimate as summarized below:

- 14.3 million tonnes grading 1.00 grams per tonne gold containing 459,800 ounces of gold based upon a cut off grade of 0.5 grams/tonne gold (“g/t Au”) in the indicated mineral resource category;
- and 27.0 million tonnes in the inferred mineral resource category grading 0.89 g/t Au containing 773,400 ounces at a similar 0.5 g/t Au cut-off grade.

In addition to the East and Central Zones, a number of high priority areas were targeted during the 2005-2006 program, the most significant being the West Zone which lies approximately 400 west of the Central Zone. Andina drilled 5,700 metres into the West Zone during the second quarter outlining a zone of gold mineralization over a strike length of approximately 600 metres to a depth of up to 400 metres and with widths of up to 200 metres.

The most significant results from the West Zone were the two intersections of gold mineralization returned from Section 600: 362 metres grading 1.09 g/t Au (drill hole DOA-12) and 304 metres grading 0.92 g/t Au (drill hole DOA-05). The results from the West Zone drilling campaign will be incorporated into a revised resource estimate scheduled for release during the third quarter 2006.

Approximately 700 metres north of the West Zone lies what was referred to as the NW Zone where a channel sample was taken from a trench returned 60 metres grading 1.59 grams per tonne

gold. A diamond drill hole (DOA-11) drilled below the trench returned 100 metres grading 1.10 grams per tonne. A new interpretation of this zone suggests that it may represent the northern extension of the West Zone mineralization.

Andina also identified a significant new area of gold and copper mineralization, the Ojo de Agua area, which is underlain by a large maar diatreme complex. This area is located 3 kilometres north northeast of the Dorado area. Channel sampling from a zone of mineralization in the Ojo de Agua area referred to as the Andrea Zone returned gold intervals up to 0.67 g/t Au over 205 metres while chip and grab samples returned anomalous gold assays over a broad area. The Andrea Zone represents a high priority drill target.

Over the six month 2005-2006 Volcan exploration program, Andina:

- completed 18,693 metres of drilling which included 11,360 metres of reverse circulation drilling and 7,333 metres of diamond drilling;
- completed a resource estimate comprising the East and Central Zone during the first quarter 2006;
- completed sufficient drilling at the West Zone to prepare an updated resource estimate; and,
- identified targets for the 2006-2007 program to commence in October 2006.

On September 18, 2006, Andina reported that the updated resource estimate for the Volcan property had significantly increased both the indicated and inferred mineral resources, up 310% and 150% respectively, as compared to its February 22, 2006 estimate. The Volcan property's:

- indicated mineral resource increased to 43.9 million tonnes grading 1.02 grams per tonne gold for 1.44 million ounces of gold;
- while the inferred mineral resource increased to 37.2 million tonnes grading 0.97 g/t Au for 1.16 million ounces of gold;

based on a cut-off grade of 0.5 g/t Au.

The 2006-2007 program is underway, with drilling starting late in October 2006.

More information on the Volcan property is available on Andina's web site (www.andinaminerals.com).

1.2 Other Gold Projects

While Andina is currently focused on increasing the resource base on its Volcan property, it is committed to establishing the potential of its entire portfolio of Chilean properties. Andina has recently completed an exploration program on its Anocarire property, is reviewing plans for its Encrucijada property and has entered into a joint venture agreement on its Papa Buenos Aires property.

Anocarire property - Exploration activities in 2005 at the Anocarire property, located 120 kilometres east of Arica, outlined a large steam-heated alteration system, with characteristics similar to alteration systems associated with major gold deposits in the Andes. The property

overlies a prominent collapsed stratovolcano approximately six kilometres in diameter. Andina completed 2,500 metres of bulldozer trenching and collected 268 channel samples across a portion of the alteration system. Results showed widespread anomalous mercury values and gold values ranged between 10 and 100 ppb – these values are typical for steam-heated (acid-leached) alteration zones.

In the third quarter of 2006, Andina conducted a diamond drilling program on the Anocarire property to determine the nature of the geological environment underlying the large alteration system. 403 metres were drilled in two diamond drill holes. Drill hole DAN-01, drilled to a depth of 286 metres, returned elevated gold values averaging 0.06 grams per tonne gold over the bottom 106 metres of the drill hole along with elevated barium and mercury values. Drill hole DAN-02, was lost at a depth of 117 metres as a result of poor ground conditions, however, anomalous gold values were obtained throughout the drill hole with maximum values up to 0.1 gram per tonne gold. The presence of elevated gold, barium and mercury assay results associated with a high sulphidation-type alteration system is encouraging as such systems classically overlie large high sulphidation systems elsewhere in the Chilean Andes. Andina is reviewing plans for further exploration activities on the property.

Encrucijada property – This property has been subject to geological, geochemical and geophysical surveys in the past. Surface trenching and a limited reverse circulation drilling programs have confirmed the presence of epithermal gold mineralization at Encrucijada. Andina undertook a limited exploration program on the Encrucijada property in 2005 and is reviewing plans for further work.

Pampa Buenos Aires property - On August 28, 2006, Andina signed a letter of intent to enter into an option to purchase agreement with the Chilean subsidiary of Mena Resources Inc. (“Mena”) whereby Mena may acquire a 50% interest in Andina’s interest in the Pampa Buenos Aires property. Upon signing the definitive agreement, Mena will undertake to make all 2006 tax payments up to \$45,000 and undertake exploration expenditures of \$250,000 prior to August 1, 2007. Upon completion of its obligations, and prior to August 1, 2007, Mena may earn a 50% interest in the Pampa Buenos Aires property by issuing 300,000 common shares of Mena to Andina. At that time, the parties will form a joint venture, in the form of a Chilean contractual mining company, to continue exploration activities on the property. By allowing Mena to earn an interest in the Pampa Buenos Aires property, Andina can expedite exploration work on this project while Andina focuses its resources on its Volcan property.

Aroma property - At the Aroma property, four diamond drill holes totaling 900 metres were completed in the third quarter of 2006 to test a large alteration system, with coincidental base metal and gold anomalies, exhibiting characteristics of a high sulphidation epithermal system. While the assay results confirmed the presence of anomalous gold and molybdenum mineralization, the results were economically insignificant and do not warrant further exploration expenditures. The Aroma option agreement was therefore terminated.

Quitovac property - The Quitovac property is located in the Sonora area of Mexico. On December 5, 2003, Andina signed an option agreement with Copper Ridge Explorations Inc. and Cuesta del Cobra S.A. de C.V. (“Copper Ridge”) which granted Copper Ridge the option to acquire a 55% interest in the Quitovac property during the five-year option period and thereafter up to a 75% interest. On review of the carrying value of the Quitovac property at December 31,

2005, and based on a letter of intent with Copper Ridge dated January 9, 2006 with respect to the sale of the Quitovac property to Copper Ridge, Andina wrote down the carrying value of the property to its estimated fair value of \$95,000. A loss of \$1,889,496, net of deferred taxes of \$622,179, was charged to operations in 2005. Property taxes of \$56,168 were paid in the nine months ended September 30, 2006 and written off.

1.3 Property Expenditures and Commitments

The following table summarizes expenditures on Andina's mineral properties in 2006:

Project	Balance December 31, 2005	Option payments and acquisition costs	Exploration costs	Costs written off	Balance September 30, 2006
Aroma	\$ 324,433	\$ 78,663	\$ 271,617	\$ (674,713)	\$ -
Anocarire	264,708	78,663	277,916	-	621,287
Encrucijada	208,925	121,831	31,930	-	362,686
Pampa Buenos					
Aires	164,960	21,831	68,873	-	255,665
Volcan	2,881,274	243,663	4,220,858	-	7,345,794
	<u>3,844,300</u>	<u>544,651</u>	<u>4,871,194</u>	<u>-</u>	<u>8,585,432</u>
Quitovac	<u>95,000</u>	<u>-</u>	<u>56,168</u>	<u>(56,168)</u>	<u>95,000</u>
	<u>\$ 3,939,300</u>	<u>\$ 544,651</u>	<u>\$ 4,927,362</u>	<u>\$ (730,881)</u>	<u>\$ 8,680,432</u>

During the nine months ended September 30, 2006, Andina incurred \$5,472,013 (2005 - \$1,972,869) in expenditures on these properties focused mainly on the Volcan property. These expenditures included \$4,927,362 in capitalized exploration costs (2005 - \$1,483,004) and \$544,651 in option payments and acquisition costs (2005 - \$489,865).

Of the \$4,871,194 in 2006 exploration expenditures on the Chilean properties (2005 - \$1,483,004), \$1,318,891 (2005 - \$219,218) was incurred on drilling, \$671,581 (2005 - \$255,025) was spent on trenching, \$966,872 (2005 - \$324,223) was paid to exploration staff in Chile and \$1,981,850 (2005 - \$684,538) was spent on other activities. 87% of the exploration costs were incurred on the Volcan property as Andina focused its exploration activities on its most prospective property. As a result, limited work was undertaken on the Anocarire, Aroma, Encrucijada and Pampa Buenos Aires properties.

The remaining mineral property option payments include the following:

Property	2006	2007	2008	Total
Anocarire	\$ -	\$ 390,000	\$ 3,000,000	\$ 3,390,000
Encrucijada	200,000	400,000	-	600,000
Volcan	400,000	5,000,000	5,500,000	10,900,000
	<u>\$ 600,000</u>	<u>\$ 5,790,000</u>	<u>\$ 8,500,000</u>	<u>\$ 14,890,000</u>

The most significant future payment is the 2007 Volcan cash payment of \$5 million. Based on the success of Andina's exploration program on the Volcan property, Andina plans to use a portion of the funds from its recent CDN\$17.6 million financing (see item 5) to fund this commitment. The \$5.5 million 2008 Volcan payment can be made in cash or Andina shares at Andina's option.

2. Outlook

Having completed its exploration program on the Volcan property in the second quarter of 2006 before the winter season stopped exploration work, Andina prepared a new mineral resource estimate in the third quarter of 2006 which significantly expanded the gold resources at this property. Based on these results at the Volcan property, Andina is again prioritizing its exploration activities in 2006-2007 to ensure it is able to increase its gold resources as rapidly as possible with the capital available to it. Andina continues to review its exploration plans for its other properties.

On April 12, 2006, Andina completed a CDN\$17.6 million private placement offering of the units at CDN\$1.10 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. A total of 16,000,000 units were issued. Each whole warrant is exercisable at a price of CDN\$1.50 for a period of 24 months from the closing date. The funds from this financing ensure that Andina will be able to carry out its planned \$10 million 2006-2007 exploration program on the Volcan property in the 2006-2007 drilling season.

The \$10 million exploration campaign will comprise a total of 40,000 metres of diamond and reverse circulation drilling in addition to geophysical and geochemical surveys along with extensive geological mapping and prospecting throughout the Volcan property. The main goal of the 2006-2007 exploration program is to continue increasing the size of the Volcan gold resource which presently stands at 1.44 million ounces of gold in the indicated mineral resource category and 1.16 million ounces of gold in the inferred mineral resource category based on a cutoff grade of 0.5 g/t Au.

3. Selected Annual and Quarterly Information

Quarterly Financial Information

	Quarter Ended Dec. 31 2005	Quarter Ended Mar. 31 2006	Quarter Ended Jun. 30 2006	Quarter Ended Sep. 30 2006
Operations				
Expenses	\$(2,285)	\$144,490	\$(322,212)	\$23,299
Stock-based compensation	63,713	66,852	322,049	124,028
Mineral properties written off	1,897,787	55,102	784	674,995
Future income tax recovery	(622,179)	-	-	-
Loss	\$1,337,036	\$266,444	\$16,621	\$822,322
Loss per share	\$0.06	\$0.01	Nil	Nil
	Dec. 31, 2005	Mar. 31, 2006	Jun. 30, 2006	Sep. 30, 2006
Balance Sheet				
Working capital	\$2,850,371	\$1,699,745	\$15,649,549	\$14,874,464
Mineral properties	3,939,300	5,825,948	8,173,554	8,680,432
Future income tax and other	100,100	95,396	83,423	84,979
	\$6,889,771	\$7,621,089	\$23,906,526	\$23,639,875
Capital stock	\$7,537,840	\$8,806,235	\$22,564,572	\$23,073,561
Warrants	1,735,529	1,398,044	3,619,716	3,542,370
Contributed surplus	439,458	506,310	828,359	952,387
Deficit	(2,823,056)	(3,089,500)	(3,106,121)	(3,928,443)
	\$6,889,771	\$7,621,089	\$23,906,526	\$23,639,875

	Quarter Ended Dec. 31 2004	Quarter Ended Mar. 31 2005	Quarter Ended Jun. 30 2005	Quarter Ended Sep. 30 2005
Operations				
Expenses	\$66,882	\$194,184	\$191,333	\$(50,789)
Stock-based compensation	-	152,056	61,114	82,752
Mineral properties written off	-	-	623,705	24,830
Future income tax recovery	-	-	-	-
Loss	\$66,882	\$346,240	\$876,152	\$56,793
Loss per share	\$0.01	\$0.01	\$0.03	Nil
	Dec. 31, 2004	Mar. 31, 2005	Jun. 30, 2005	Sep. 30, 2005
Balance Sheet				
Working capital	\$7,132,154	\$6,479,141	\$5,102,010	\$4,811,846
Mineral properties	2,636,382	3,086,545	3,643,738	3,960,716
Future income tax and other	(622,179)	(613,513)	(608,613)	(609,468)
	\$9,146,357	\$8,952,173	\$8,137,135	\$8,163,094
Capital stock	\$7,537,840	\$7,537,840	\$7,537,840	\$7,537,840
Warrants	1,735,529	1,735,529	1,735,529	1,735,529
Contributed surplus	79,823	231,879	292,993	375,745
Deficit	(206,835)	(553,075)	(1,429,227)	(1,486,020)
	\$9,146,357	\$8,952,173	\$8,137,135	\$8,163,094

Annual Financial Information

	Period From Inception To Dec. 31 2003	Year ended Dec. 31 2004	Year Ended Dec. 31 2005
<i>Operations</i>			
Expenses	\$2,170	\$132,112	\$332,443
Stock-based compensation	-	-	359,635
Mineral properties written off	-	72,553	2,546,322
Taxes	-	-	(622,179)
Loss	\$2,170	\$204,665	\$2,616,332
Loss per share	\$180.83	\$0.04	\$0.10
<i>Balance Sheet</i>			
Working capital	\$(2,169)	\$7,132,154	\$2,850,371
Mineral properties	-	2,636,382	3,939,300
Future income tax and other	-	(622,179)	100,100
	\$(2,169)	\$9,146,357	\$6,889,771
Capital stock	\$1	\$7,537,840	\$7,537,840
Warrants	-	1,735,529	1,735,529
Contributed surplus	-	79,823	439,458
Deficit	(2,170)	(206,835)	(2,823,056)
	\$(2,169)	\$9,146,357	\$6,889,771

Andina has not paid any dividends.

4. Results of Operations

4.1 Annual Results

Andina was incorporated on December 3, 2003 and as such, had very limited operations in 2004, incurring expenses of only \$132,112. The loss for 2003, after considering mineral properties written off, was \$204,665 or \$0.04 per share.

Andina started to acquire and explore mineral properties in Chile in the first quarter of 2004 and continued these activities through the third quarter of 2004. At that point, it focused its activities on completing a reverse takeover transaction of CastleRock Resources Inc. and a CDN\$9,500,000 private placement financing. The completion of these transactions at the end of 2004 resulted in the increase in working capital and mineral properties.

Activities in 2005 focused on commencing exploration work on Andina's mineral properties, particularly the Volcan property.

Andina's operations during 2005 resulted in a loss of \$2,616,221 (2004 - \$204,665) or \$0.10 per share (2004 - \$0.04 per share). Professional fees, consulting, office, salaries, travel and general expenses were \$512,440 (2004 - \$127,336) as Andina established operations after the reverse takeover and private placement financing at the end of 2004. These levels of expenses were anticipated, given Andina's level of activity in 2005, and are expected to increase substantially in 2006 as activities levels, especially with respect to exploration activities on the Volcan property, are expanded.

Andina had a foreign exchange gain of \$51,053 (2004 - foreign exchange loss of \$4,776), recorded stock-based compensation of \$359,635 (related to the issue of stock options in 2005) (2004 - nil) and received interest income on cash balances of \$143,162 (2004 - nil). The depreciation expense in 2005 was \$14,218 (2004 - nil).

The results of Andina's exploration work on the Gitana and Domeyko properties did not meet Andina's objectives and Andina determined not to proceed with further exploration on these properties. Accordingly all capitalized costs associated with the Gitana property (\$492,119) together with the costs on the Domeyko property (\$164,707) were written off in 2005. On review of the carrying value of the Quitovac property at December 31, 2005, Andina wrote down the carrying value of the property to its estimated fair value of \$95,000. A loss of \$1,889,496, net of deferred taxes of \$622,179, was charged to operations. In 2004, Andina determined not to proceed with any further work on the Olivia property in Chile and wrote off the \$72,553 in capitalized costs associated with that property.

4.2 Quarterly Results

Nine months ended September 30, 2006 - Andina's operations during the nine months of 2006 resulted in a loss of \$1,105,387 (2005 - \$1,140,845) or \$0.03 per share (2005 - \$0.04 per share).

Professional fees, consulting, office, salaries, travel, general and depreciation expenses were \$549,308 (2005 - \$457,333). These expenditures were, as expected, similar to the prior year, as activity levels were similar. However, these expenses are expected to increase substantially later

in 2006 and into 2007 as activities levels, especially with respect to exploration activities on the Volcan property, are expanded. Foreign exchange gains were \$412,158 (2005 – \$42,786), due mainly to a weakening United States dollar during the first six months of 2006. Interest income was \$275,573 (2005 - \$79,819) due to higher cash balances on completion of the April 2006 private placement. Stock-based compensation was \$512,929 (2005 - \$157,582) which was higher than in 2005 due to the issuance of 1,566,000 stock options during 2006.

All costs associated with the Aroma property (\$674,713) were written off in the three months ended September 30, 2006 as Andina determined not to proceed with further exploration on this mineral property. In addition, property taxes of \$56,168 related to the Quitovac property were paid and written off. In the corresponding period in 2005, \$648,535 in costs associated with the Gitana and Domeyko properties were written off.

Three months ended September 30, 2006 - Andina's operations during the three months ending September 30, 2006 resulted in a loss of \$822,322 (2005 - \$1,648) or \$0.02 per share (2005 - nil per share).

Professional fees, consulting, office, salaries, travel, general and depreciation expenses were \$156,612 (2005 - \$93,411). These expenditures were, as expected, similar to the prior year, as activity levels were similar. Foreign exchange losses were \$16,139 (2005 – gain of \$125,263) as the United States dollar was stable during the period. Interest income was \$149,452 (2005 - \$18,937) due to higher cash balances on completion of the April 2006 private placement. Stock-based compensation was \$124,028 (2005 - \$27,607) which was higher than in 2005 due to the issuance of 1,566,000 stock options in 2006.

All costs associated with the Aroma property (\$674,713) were written off in the three months ended September 30, 2006 as Andina determined not to proceed with further exploration on this mineral property. In addition, property taxes of \$282 related to the Quitovac property were paid and written off. In the corresponding period in 2005, \$24,830 in costs associated with the Gitana and Domeyko properties were written off.

5. Liquidity and Capital Resources

Andina is dependent on equity financing to complete the development of its mineral properties and meet its obligations under various mineral property option agreements and the success of future operations is dependent on Andina's ability to source funding for its mineral exploration properties.

As at September 30, 2006, Andina had working capital of \$14,874,464 (December 31, 2005 – \$2,850,371) including \$15,087,878 (December 31, 2005 - \$3,509,651) in cash, cash equivalents and marketable securities. The increase from the previous year is primarily due to the completion of a private placement in April 2006. On April 12, 2006, Andina completed a CDN\$17.6 million private placement offering of the units at CDN\$1.10 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. A total of 16,000,000 units were issued. Each whole warrant will be exercisable at a price of CDN\$1.50 for a period of 24 months from the closing date.

The agents on the financing received a commission of 6% of the gross proceeds raised in this private placement, as well as broker warrants which will entitle the agents to purchase up to 960,000 units, at an exercise price equal to CDN\$1.10 until April 11, 2008.

Andina had no off balance sheet arrangements as at September 30, 2006.

6. Critical Accounting Estimates

Andina's significant accounting policies are summarized in note 1 and note 2 to the audited consolidated financial statements for the year ended December 31, 2005. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Andina's consolidated financial statements.

6.1 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 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.

7. Outstanding Share Data

	Outstanding Number of Shares
Outstanding common shares – December 31, 2004 and 2005	25,740,963
April 12, 2006 brokered private placement	16,000,000
Exercise of warrants - 2004 brokered private placement	3,036,940
Exercise of broker warrants - 2004 brokered private placement	1,583,333
Exercise of warrants - 2006 brokered private placement	<u>29,500</u>
Common shares outstanding – September 30, 2006	46,390,736
Exercise of warrants - 2004 brokered private placement	2,497,059
Exercise of warrants - 2006 brokered private placement	48,300
Exercise of broker warrants - 2006 brokered private placement	96,600
Exercise of stock options	<u>23,500</u>
Common shares outstanding – November 22, 2006	49,056,195
Unexercised warrants – 2004 brokered private placement	3,174,335
Unexercised warrants – 2006 brokered private placement	8,324,400
Unexercised broker warrants – 2006 brokered private placement	766,800
Unexercised stock options	<u>3,957,000</u>
Fully diluted common shares outstanding – November 22, 2006	<u><u>65,278,730</u></u>

7.1 Common 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.

7.2 Warrants

2004 Brokered Private Placement

Each of the warrants issued in connection with the 2004 private placement financing on December 31, 2004 entitles the holder to purchase one additional common share at a price of CDN\$0.80 until December 29, 2006.

2006 Brokered Private Placement

Each of the warrants issued in connection with the 2006 private placement financing on April 12, 2006 entitles the holder to purchase one additional common share at a price of CDN\$1.50 until April 11, 2008.

Each of the broker warrants issued in connection with the 2006 private placement financing entitles the agent to purchase a unit at a price of CDN\$1.10 per unit until April 11, 2008. Each unit consists of one common share and one-half of one warrant.

7.3 *Stock Options*

Andina has a stock option plan under which stock options may be granted to the 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 maximum vesting period of 18 months; (iv) contains other provisions to ensure the stock option plan is compliant with stock exchange regulations.

During the first nine months of 2006 Andina issued a total of 1,616,000 options. The following options are outstanding at November 22, 2006:

Issue Date	Options Outstanding	Exercise Price (CDN\$)	Expiry Date
February 28, 2003	72,500	\$1.50	February 28, 2008
December 22, 2003	75,000	\$4.50	December 22, 2008
January 6, 2005	1,485,000	\$0.70	January 6, 2010
March 4, 2005	40,000	\$0.70	March 4, 2010
April 21, 2005	121,000	\$0.74	April 21, 2010
August 24, 2005	100,000	\$0.70	August 24, 2010
September 27, 2005	471,000	\$0.70	September 27, 2010
April 18, 2006	1,566,000	\$1.35	April 17, 2011
August 25, 2006	50,000	\$1.60	August 24, 2011
	<u>3,980,500</u>		

8. **Other Information**

8.1 *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. A summary of these commitments is included above in Section 1.3.

8.2 *Related Party Transactions*

The option on the Anocarire property was acquired from SBX Asesorias Inversiones Ltda. ("SBX"), a company that is 51% owned by an Andina shareholder. During the nine months ended September 30, 2006, Andina paid a total of \$109,015 to SBX for geological and administrative services. As well, 50% of the \$35,000 property payment on the Anocarire property was made to SBX.

These transactions have been recorded at the exchange amount, which is the consideration paid as established and agreed to by the related parties.

8.4 Risk Factors

Andina is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. As in prior periods, the risks include, but are not limited to, limited operating history, speculative nature of mineral exploration and development activities, operating hazards and risks, mining risks and insurance, no proven reserves, foreign operations, environmental and other regulatory requirements, competition, stage of development, fluctuations in commodity prices, currency risk, conflicts of interest, reliance on key individuals and enforcement of civil liabilities. For further information on these risk factors refer to the management's discussion and analysis for the year ended December 31, 2005.

8.5 Forward Looking Statements

This quarterly report may contain forward-looking statements, including predictions, projections and forecasts. Forward-looking statements include, but are not limited to, statements with respect to exploration results, the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, costs of production, anticipated budgets and exploration expenditures, capital expenditures, costs and timing of the development of new deposits, the success of exploration activities generally, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of exploration and mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of any pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or describes a "goal", or variation 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 involve 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, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the actual results of current exploration activities; actual results and interpretation of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold, silver and copper; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, development or construction activities, as well as those factors disclosed in the Andina's publicly filed documents. 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 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.