

***ANDINA MINERALS INC.***

*Consolidated Financial Statements*

*June 30, 2007*

**ANDINA MINERALS INC.**  
**(AN EXPLORATION COMPANY)**  
**CONSOLIDATED BALANCE SHEETS**  
**(United States Dollars)**

	<b>June 30, 2007 (Unaudited)</b>	<b>December 31, 2006</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 11)	\$ 24,810,399	\$ 8,234,652
Marketable securities	-	8,417,151
Amounts receivable and other current assets	37,749	14,764
	<u>24,848,148</u>	<u>16,666,567</u>
<b>Mineral properties (note 4 and note 5)</b>	30,510,110	11,619,599
<b>Equipment (note 6)</b>	82,037	118,488
	<u>\$ 55,440,295</u>	<u>\$ 28,404,654</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 455,485	\$ 1,046,598
<b>Shareholders' Equity</b>		
<b>Capital stock (note 7(a))</b>	49,967,169	28,179,252
<b>Warrants (note 7(b))</b>	7,067,969	2,973,561
<b>Contributed surplus (note 7(b))</b>	1,852,959	1,216,219
<b>Deficit</b>	(3,903,287)	(5,010,976)
	<u>54,984,810</u>	<u>27,358,056</u>
	<u>\$ 55,440,295</u>	<u>\$ 28,404,654</u>

Going concern (note 1)

See accompanying notes to the consolidated financial statements

**ANDINA MINERALS INC.**  
**(AN EXPLORATION COMPANY)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(United States Dollars)**  
**(Unaudited)**

	<b>Three Months Ended June 30, 2007</b>	<b>Three Months Ended June 30, 2006</b>	<b>Six Months Ended June 30, 2007</b>	<b>Six Months Ended June 30, 2006</b>	<b>Cumulative Since Inception</b>
<b>Expenses</b>					
Payroll and directors fees	\$ 120,103	\$ 75,879	\$ 247,838	\$ 112,576	\$ 528,044
Professional fees	44,968	37,760	86,626	70,733	427,739
Consulting fees	16,709	55,120	50,044	79,713	306,627
Regulatory and shareholder information	46,840	30,693	76,131	39,533	213,310
Travel	3,057	9,635	33,802	17,683	136,043
Office	13,564	21,065	39,624	31,400	183,341
Rent	12,340	12,033	24,014	24,028	114,341
Amortization	18,366	7,183	38,461	14,328	87,286
Insurance	3,968	1,031	7,995	2,702	62,453
Foreign exchange	(1,654,025)	(445,564)	(1,955,167)	(428,297)	(1,760,362)
Stock-based compensation (note 7(c))	574,999	322,049	727,061	388,901	1,869,507
Mineral properties written off (note 4)	-	784	-	55,886	3,404,862
	<u>(799,111)</u>	<u>127,668</u>	<u>(623,571)</u>	<u>409,186</u>	<u>5,573,191</u>
Interest income	<u>319,666</u>	<u>111,047</u>	<u>484,118</u>	<u>126,121</u>	<u>1,047,725</u>
Loss (net earnings) for the period before taxes	(1,118,777)	16,621	(1,107,689)	283,065	4,525,466
Future income tax recovery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(622,179)</u>
<b>Loss (net earnings) and comprehensive loss (income) for the period</b>	<u>\$ (1,118,777)</u>	<u>\$ 16,621</u>	<u>\$ (1,107,689)</u>	<u>\$ 283,065</u>	<u>\$ 3,903,287</u>
<b>Loss (earnings) per share (note 8)</b>	<u>\$ (0.02)</u>	<u>\$ nil</u>	<u>\$ (0.02)</u>	<u>\$ 0.01</u>	

See accompanying notes to the consolidated financial statements

**ANDINA MINERALS INC.**  
**(AN EXPLORATION COMPANY)**  
**CONSOLIDATED STATEMENTS OF DEFICIT**  
**(United States Dollars)**  
**(Unaudited)**

	<b>Three Months Ended June 30, 2007</b>	<b>Three Months Ended June 30, 2006</b>	<b>Six Months Ended June 30, 2007</b>	<b>Six Months Ended June 30, 2006</b>
<b>Deficit, beginning of period</b>	\$ 5,022,064	\$ 3,089,500	\$ 5,010,976	\$ 2,823,056
<b>Loss (net earnings) and comprehensive loss (income) for the period</b>	<u>(1,118,777)</u>	<u>16,621</u>	<u>(1,107,689)</u>	<u>283,065</u>
<b>Deficit, end of period</b>	<u>\$ 3,903,287</u>	<u>\$ 3,106,121</u>	<u>\$ 3,903,287</u>	<u>\$ 3,106,121</u>

See accompanying notes to the consolidated financial statements

**ANDINA MINERALS INC.**  
**(AN EXPLORATION COMPANY)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(United States Dollars)**  
**(Unaudited)**

	<b>Three Months Ended June 30, 2007</b>	<b>Three Months Ended June 30, 2006</b>	<b>Six Months Ended June 30, 2007</b>	<b>Six Months Ended June 30, 2006</b>	<b>Cumulative Since Inception</b>
<b>Cash and cash equivalents provided by (used in)</b>					
<b>Operating activities</b>					
(Loss) net earnings for the period	\$ 1,118,777	\$ (16,621)	\$ 1,107,689	\$ (283,065)	\$ (3,903,287)
Items not involving cash:					
Amortization	18,366	7,183	38,461	14,328	87,286
Stock-based compensation (note 7(c))	574,999	322,049	727,061	388,901	1,869,507
Mineral properties written off (note 4)	-	784	-	55,886	3,404,862
Unrealized foreign exchange loss	1,073	190,323	1,073	190,323	1,073
Future income tax recovery	-	-	-	-	(622,179)
	<u>1,713,215</u>	<u>503,718</u>	<u>1,874,284</u>	<u>366,373</u>	<u>837,262</u>
Net change in non-cash working capital:					
Amounts receivable and other current assets	(18,907)	(18,750)	(22,985)	(22,609)	3,023
Accounts payable and accrued liabilities	<u>(1,800,346)</u>	<u>(430,716)</u>	<u>(591,111)</u>	<u>(495,653)</u>	<u>200,404</u>
	<u>(106,038)</u>	<u>54,252</u>	<u>1,260,188</u>	<u>(151,889)</u>	<u>1,040,689</u>
<b>Financing activities</b>					
Issue of units for cash (note 7(a))	-	15,234,387	19,095,115	15,234,387	41,072,216
Issue of shares for Volcan property (note 4 and 7(a))	5,500,000	-	5,500,000	-	5,500,000
Exercise of warrants (note 7(a))	307,350	745,622	966,648	1,676,532	8,507,304
Exercise of options (note 7 (a))	218,241	-	230,241	-	245,163
Loans	-	-	-	-	144,354
	<u>6,025,591</u>	<u>15,980,009</u>	<u>25,792,004</u>	<u>16,910,919</u>	<u>55,469,037</u>
<b>Investing activities</b>					
Exploration costs (note 4)	(2,786,083)	(2,035,339)	(7,794,379)	(3,802,886)	(18,588,785)
Option payments and acquisition costs (note 4)	(10,839,282)	(313,051)	(11,096,132)	(487,254)	(13,211,691)
Equipment (note 6)	893	4,790	(2,011)	2,349	(169,324)
Marketable securities	-	(13,612,072)	8,417,151	(12,041,093)	-
Cash acquired on reverse takeover (note 1)	-	-	-	-	271,547
	<u>(13,624,472)</u>	<u>(15,955,672)</u>	<u>(10,475,371)</u>	<u>(16,328,884)</u>	<u>(31,698,253)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(7,704,919)</b>	<b>78,589</b>	<b>16,576,821</b>	<b>430,146</b>	<b>24,811,473</b>
Unrealized foreign exchange loss	(1,073)	(190,323)	(1,073)	(190,323)	(1,073)
Cash and cash equivalents, beginning of period	<u>32,516,392</u>	<u>850,142</u>	<u>8,234,652</u>	<u>498,585</u>	<u>-</u>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 24,810,400</b>	<b>\$ 738,408</b>	<b>\$ 24,810,400</b>	<b>\$ 738,408</b>	<b>\$ 24,810,400</b>

See accompanying notes to the consolidated financial statements

**ANDINA MINERALS INC.**  
**(AN EXPLORATION COMPANY)**  
**AS AT JUNE 30, 2007 AND 2006**  
**AND FOR SIX MONTHS ENDED JUNE 30, 2007 AND 2006**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(United States Dollars)**  
**(Unaudited)**

**1. Nature of Operations and Going Concern Basis of Accounting**

Andina Minerals Inc. (the “Company”) was incorporated on January 23, 2001 under the Business Corporations Act (Alberta) as CastleRock Capital Inc. Effective December 31, 2004 the Company acquired all the outstanding shares of Andina Minerals Inc. (“Holdings”), a company incorporated on December 3, 2003. In conjunction with the acquisition of Holdings, the Company changed its name to Andina Minerals Inc. and Holdings changed its name to Andina Holdings Inc.

The Company’s activities are directed toward exploring mineral properties primarily in Chile. To date the Company has not earned any revenue and is considered to be an exploration company.

These financial statements have been prepared using Canadian generally accepted accounting principles 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, the Company is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals, successful exploration and the ability to secure adequate financing to meet the minimum capital required to successfully develop economically recoverable reserves and complete the Company's business plan. As a result of these circumstances, there is substantial 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 unaudited interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited consolidated financial statements should be read in conjunction with the notes to the Company’s audited consolidated financial statements for the year ended December 31, 2006, since these statements do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

## 2. Auditor Involvement

The Company's auditors have not performed a review of the unaudited consolidated financial statements for the six months ended June 30, 2007 and 2006.

## 3. Accounting Policies

### *Financial Instruments, Comprehensive Income and Hedges*

In January 2005, the CICA issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", 1530, "Comprehensive Income", and 3865 "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. The Company has adopted these new standards effective January 1, 2007.

## 4. Mineral Properties

All of the Company's mineral properties, except the Quitovac project, are located in Chile. The Pampa Buenos Aires and Volcan properties are owned by the Company and are subject to certain royalty payments (note 5). The Anocarire, Encrucijada and Valeriano properties are under option agreements whereby the Company may acquire, subject to certain royalty payments, a 100% interest in the mineral properties from the landowners by making certain payments to the landowners (note 5). The Pampa Buenos Aires property is under option to another mineral exploration company. The Quitovac project is located in Mexico and is under option to another mineral exploration company.

Project	Balance December 31, 2006	Option Payments and Acquisition Costs	Exploration Costs	Costs Written Off	Balance June 30, 2007
Anocarire	\$ 639,791	\$ 49,033	\$ 4,586	\$ -	\$ 693,410
Encrucijada	372,086	203,088	25,126	-	600,300
Pampa Buenos Aires (i)	265,481	145,946	41,306	-	452,733
Volcan	10,247,241	10,549,033	7,698,331	-	28,494,605
Valeriano (ii)	-	149,032	25,030	-	174,062
	<hr/> 11,524,599	<hr/> 11,096,132	<hr/> 7,794,379	<hr/> -	<hr/> 30,415,110
Quitovac (iii)	95,000	-	-	-	95,000
	<hr/> \$ 11,619,599	<hr/> \$ 11,096,132	<hr/> \$ 7,794,379	<hr/> \$ -	<hr/> \$ 30,510,110

Project	Balance December 31, 2005	Option Payments and Acquisition Costs	Exploration Costs	Costs Written Off	Balance June 30, 2006
Aroma	\$ 324,433	\$ 64,314	\$ 35,633	\$ -	\$ 424,380
Anocarire	264,708	64,314	5,273	-	334,295
Encrucijada	208,925	114,656	21,333	-	344,914
Pampa Buenos Aires	164,960	14,656	64,259	-	243,875
Volcan	2,881,274	229,314	3,620,502	-	6,731,090
	<u>3,844,300</u>	<u>487,254</u>	<u>3,747,000</u>	<u>-</u>	<u>8,078,554</u>
Quitovac	95,000	-	55,886	(55,886)	95,000
	<u>\$ 3,939,300</u>	<u>487,254</u>	<u>\$ 3,802,886</u>	<u>\$ (55,886)</u>	<u>\$ 8,173,554</u>

- (i) On August 28, 2006, the Company signed a letter of intent with Mena Resources Inc. (“Mena”) whereby Mena could acquire a 50% interest in the Company’s interest in the Pampa Buenos Aires property. Subsequent to entering into the letter of intent, Mena agreed to be acquired by Rusoro Mining Ltd. (“Rusoro”). On July 25, 2007 the Company and Rusoro signed an agreement under which Rusoro can earn a 50% interest in the Company’s interest in the Pampa Buenos Aires property by completing exploration expenditures of \$250,000 on the Pampa Buenos Aires property and issuing 176,479 Rusoro common shares to the Company by March 30, 2008.
- (ii) On January 8, 2007 the Company entered into an option agreement to acquire the 3,000 hectare Valeriano Project in Chile. The Company can earn a 100% interest in the Valeriano Project by issuing the vendor 350,000 common shares of the Company by July 8, 2008 and a further 650,000 shares by July 8, 2009. There are no minimum exploration expenditures. Upon the signing of the option agreement, a cash payment of \$100,000 was made to the vendor.
- (iii) The Quitovac property was acquired on the acquisition of the Company by Holdings (note 1). The Company, through its Mexican subsidiary, owns a 100% interest in the Quitovac property, located in Mexico. On December 5, 2003, the Company signed an option agreement (the “Copper Ridge Option”) 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. Under the terms of the Copper Ridge Option, Copper Ridge is required to make payments of \$370,000, issue the Company 1,000,000 Copper Ridge common shares and incur exploration expenditures of not less than \$1,500,000 by December 5, 2008. On review of the carrying value at December 31, 2005 the Company wrote down the carrying value of the property to its estimated fair value of \$95,000.

Deferred exploration costs on the Chilean mineral properties are comprised as follows:

**Deferred Exploration Costs for the Six Months Ended June 30, 2007**

	<b>Drilling (\$)</b>	<b>Exploration staff (\$)</b>	<b>Trenching (\$)</b>	<b>Value Added Tax (\$)</b>	<b>Assaying (\$)</b>	<b>Field costs (\$)</b>	<b>Other (\$)</b>	<b>Total (\$)</b>
Anocarire	-	-	-	-	-	394	4,192	4,586
Encrucijada	-	-	-	-	-	-	25,126	25,126
Pampa Buenos Aires	-	-	-	-	-	57	41,249	41,306
Volcan	3,336,997	1,142,036	536,180	1,036,740	491,422	587,485	567,471	7,698,331
Valeriano	-	-	-	98	-	579	24,353	25,030
	<u>3,336,997</u>	<u>1,142,036</u>	<u>536,180</u>	<u>1,036,838</u>	<u>491,422</u>	<u>588,515</u>	<u>662,391</u>	<u>7,794,379</u>

**Deferred Exploration Costs for the Six Months Ended June 30, 2006**

	<b>Drilling (\$)</b>	<b>Exploration staff (\$)</b>	<b>Trenching (\$)</b>	<b>Value Added Tax (\$)</b>	<b>Assaying (\$)</b>	<b>Field costs (\$)</b>	<b>Other (\$)</b>	<b>Total (\$)</b>
Aroma	26,553	2,206	-	301	-	882	5,691	35,633
Anocarire	-	-	-	51	-	61	5,161	5,273
Encrucijada	-	-	-	1,393	-	-	19,940	21,333
Pampa Buenos Aires	-	-	-	364	-	-	63,895	64,259
Volcan	1,097,598	649,862	536,916	454,752	197,311	237,738	446,325	3,620,502
	<u>1,124,151</u>	<u>652,068</u>	<u>536,916</u>	<u>456,861</u>	<u>197,311</u>	<u>238,681</u>	<u>541,012</u>	<u>3,747,000</u>

**5. Mineral Property Obligations**

<b>Property</b>	<b>2007 Option Payments</b>	<b>2008 Option Payments</b>	<b>Total Option Payments</b>
Anocarire (i)	\$ 390,000	\$ 3,000,000	\$ 3,390,000
Encrucijada (ii) (iii)	300,000	-	300,000
Pampa Buenos Aires (iii)	-	-	-
Volcan (iv)	-	-	-
Valeriano (v)	-	-	-
	<u>\$ 690,000</u>	<u>\$ 3,00,000</u>	<u>\$ 3,690,000</u>

- (i) Subject to a net smelter return royalty of 0.75%.
- (ii) The \$300,000 payment may be paid in the Company's common shares at the option of the vendor.
- (iii) Subject to a net smelter return of 1.5% is payable at a gold price less than or equal to \$380 per ounce or 2.0% at a gold price greater than \$380 per ounce. A net smelter return royalty of 0.75% is payable on copper production at a copper price of less than \$0.90 per pound. This royalty becomes 1.25% when the copper price exceeds \$0.90 per pound.
- (iv) There is no payment or royalty payable on the first 2 million ounces of gold produced from the Volcan property. A payment of \$5 per ounce is due on any mineable ounces of gold between 2

million and 4 million ounces. A net smelter return royalty of 1.0% is payable on production exceeding 4 million ounces of gold.

- (v) The Company can earn a 100% interest in the Valeriano Project by issuing the vendor 350,000 common shares of the Company by July 8, 2008 and a further 650,000 shares by July 8, 2009.

None of the above properties have exploration expenditure commitments.

During the period the Company made the last two option payments on the Volcan property by paying \$5.0 million in cash and issuing the vendors 1,796,396 common shares with a value of \$5.5 million. As a result, the Company owns the Volcan property subject to the royalty payments listed above.

## 6. Equipment

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value June 30, 2007</b>	<b>Net Book Value December 31, 2006</b>
Exploration equipment	\$ 115,270	\$ 52,537	\$ 62,733	\$ 86,809
Exploration vehicles	36,223	24,060	12,163	22,693
Office equipment	14,407	7,266	7,141	8,986
	<u>\$ 165,900</u>	<u>\$ 83,863</u>	<u>\$ 82,037</u>	<u>\$ 118,488</u>

## 7. Capital stock

### (a) Common Shares

#### Authorized -

Unlimited common shares  
Unlimited preferred shares, issuable in series

**Issued -**

	<b>Number of Shares</b>	<b>Capital Stock</b>
<b>Balance – December 31, 2005</b>	25,740,963	\$ 7,537,840
Private placement	16,000,000	12,556,278
Issue costs	-	(1,416,862)
Exercise of 2004 broker warrants	1,583,333	1,474,421
En exercise of 2004 warrants	8,708,315	7,229,107
Exercise of 2006 broker warrants	138,600	236,973
Exercise of 2006 warrants	332,800	540,523
Exercise of stock options	23,500	20,972
<b>Balance – December 31, 2006</b>	52,527,511	28,179,252
Private placement	8,000,000	16,158,097
Issue costs		(1,383,345)
Issued for Volcan property	1,796,396	5,500,000
Exercise of 2006 warrants	740,000	1,192,603
Exercise of stock options	315,500	320,562
<b>Balance – June 30, 2007</b>	63,379,407	\$ 49,967,169

On April 12, 2006, the Company completed a brokered private placement of 16,000,000 units at a price of CDN\$1.10 (\$0.96) for gross proceeds of CDN\$17,600,000 (\$15,333,682). Each unit consists of one common share and one-half of a share purchase warrant. Agents acted on behalf of the Company with respect to the offering and received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker's warrants to purchase up to 960,000 units.

Each of the 8,000,000 whole warrants entitles the holder to purchase one additional common share at a price of CDN\$1.50 until April 11, 2008. Each of the 960,000 broker warrants are exercisable at a price of CDN\$1.10 per unit until April 11, 2008. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of CDN\$1.50 until April 11, 2008.

On January 17, 2007 the Company entered into an agreement with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 8,000,000 units at a price of CDN\$3.00 per unit for gross proceeds of CDN\$24,000,000 (\$20,470,829). This private placement financing closed on February 9, 2007. Each unit consists of one common share and one-half of one common share purchase warrant. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker's warrants to purchase up to 240,000 units. The net proceeds of the financing of \$18,718,257 were allocated \$14,774,752 as to the common shares and \$3,943,505 as to the warrants.

Each of the 4,000,000 whole warrants entitles the holder to purchase one additional common share at a price of CDN\$4.00 until August 9, 2009. Each of the 240,000 broker warrants are exercisable at a price of CDN\$3.00 per unit until August 9, 2009. Each unit consists of one common share and one-half of a share purchase warrant. Each whole

warrant entitles the holder to purchase one additional common share at a price of CDN\$4.00 until August 9, 2009.

During the period the Company made the last two option payments on the Volcan property by paying \$5.0 million in cash and issuing the vendors 1,796,396 common shares with a value of \$5.5 million. As a result the Company owns the Volcan property subject to certain royalty payments (note 5).

**(b) Warrants and Contributed Surplus**

<b>Warrants</b>	<b>Number of Warrants</b>	<b>Number of Broker Warrants</b>	
Balance – December 31, 2005	7,916,667	1,583,333	\$ 1,735,529
Exercise of 2004 broker warrants	791,667	(1,583,333)	(635,677)
Exercise of 2004 warrants	(8,708,334)		(1,099,852)
Warrants issued in connection with 2006 brokered private placement	8,000,000		2,777,403
Issue costs			(313,404)
2006 broker warrants		960,000	714,401
Exercise of 2006 broker warrants	69,300	(138,600)	(101,697)
Exercise of 2006 warrants	(332,800)		(103,142)
			<hr/>
Balance – December 31, 2006	7,736,500	821,400	2,973,561
Exercise of 2006 warrants	(740,000)		(225,956)
Warrants issued in connection with 2007 bought deal private placement	4,000,000		4,312,732
Issue costs			(369,227)
2007 broker warrants			376,859
			<hr/>
Balance – June 30, 2007	10,996,500	821,400	\$7,067,969

**Contributed surplus**

Balance – December 31, 2005	\$ 439,458
Stock-based compensation	782,811
Exercise of stock options	(6,050)
	<hr/>
Balance – December 31, 2006	1,216,219
Stock-based compensation	727,061
Exercise of stock options	(90,321)
	<hr/>
Balance – June 30, 2007	\$ 1,852,959

The following warrants were issued during 2007 and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

Issue Date	Number of Warrants	Exercise Price (CDN\$)	Black-Scholes Option Pricing Model Parameters		
			Risk-free Interest Rate	Expected Life	Volatility Factor
January 17, 2007					
Warrants	4,000,000	\$4.00	4.07%	2.6	98%
Broker warrants	240,000	\$3.00	4.07%	2.6	98%

**(c) Stock Options**

The Company has a stock option plan under which stock options may be granted to the Company'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; and (iv) contains other provisions to ensure the stock option plan is compliant with stock exchange regulations.

**Options**

	Number of Options	Weighted Average exercise Price (CDN\$)
Balance – December 31, 2005	2,394,500	\$0.85
Granted	1,716,000	\$1.44
Exercised	(23,500)	\$0.73
Expired or cancelled	<u>(40,000)</u>	\$1.12
Balance – December 31, 2006	4,047,000	\$1.10
Granted	990,000	\$3.19
Exercised	<u>(315,500)</u>	\$0.80
Balance – June 30, 2007	<u>4,721,500</u>	\$1.10

During 2007 the following stock options were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

<b>Black-Scholes Option Pricing Model Parameters</b>						
<b>Issue Date</b>	<b>Number of Options</b>	<b>Exercise Price (CDN\$)</b>	<b>Grant-Date Fair Value (CDN\$)</b>	<b>Risk-free Interest Rate</b>	<b>Expected Life</b>	<b>Volatility Factor</b>
January 17, 2007	230,000	\$3.00	\$2.85	4.07%	2.5	97%
May 9, 2007	<u>760,000</u>	\$3.25	\$3.25	4.19%	2.5	92%
	<u>990,000</u>					

The weighted average grant date fair value for options granted in 2007 was \$3.16. The unamortized stock option expense related to the grant of the options listed above at June 30, 2007 was \$1,259,946.

A summary of the Company's stock options at June 30, 2007 is presented below:

<b>Issue Date</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Exercise Price (CDN\$)</b>	<b>Expiry Date</b>
February 28, 2003	60,000	60,000	\$1.50	February 28, 2008
December 22, 2003	75,000	75,000	\$4.50	December 22, 2008
January 6, 2005	1,285,000	1,285,000	\$0.70	January 6, 2010
March 4, 2005	40,000	40,000	\$0.70	March 4, 2010
April 21, 2005	73,000	73,000	\$0.74	April 21, 2010
August 24, 2005	100,000	100,000	\$0.70	August 24, 2010
September 27, 2005	416,500	416,500	\$0.70	September 27, 2010
April 18, 2006	1,532,000	1,150,500	\$1.35	April 18, 2011
August 25, 2006	50,000	25,000	\$1.60	August 25, 2011
December 5, 2006	100,000	50,000	\$2.74	December 5, 2011
January 16, 2007	230,000	57,500	\$1.60	January 15, 2012
May 9, 2007	<u>760,000</u>	<u>190,000</u>	\$2.74	May 8, 2012
	<u>4,721,500</u>	<u>3,522,500</u>		

The weighted average exercise price of these options was CDN\$1.56 for options outstanding and CDN\$1.22 for options exercisable. The weighted average remaining contractual life of outstanding options is 3.51 years.

## 8. Loss Per Share

The loss or net earnings per share has been calculated using the weighted average number of shares outstanding during the period. No adjustment to diluted per share information was made as the result of these calculations is anti-dilutive.

	<b>Three Months Ended June 30, 2007</b>	<b>Three Months Ended June 30, 2006</b>	<b>Six Months Ended June 30, 2007</b>	<b>Six Months Ended June 30, 2006</b>
Loss (net earnings)	\$ (1,118,777)	\$ 16,621	\$ (1,107,689)	\$ 283,065
Weighted average shares outstanding	61,720,327	34,106,712	59,275,586	39,047,385
Loss (net earnings) per share	\$ (0.02)	\$ nil	\$ (0.02)	\$ 0.01

## 9. Related Party Transactions

The option on the Anocarire property was acquired from vendors which included SBX Asesorias Inversiones Ltda. (“SBX”), a company that is 51% owned by a shareholder of the Company. During the six months ended June 30, 2007 the Company paid a total of \$90,000 (2006 - \$75,360) to SBX for geological and administrative services.

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

## 10. Segmented Information

The Company has one operating segment, which is the exploration of mineral properties. The Company’s principal operations are carried out in Chile. All of the investment income is earned in Canada. The Company’s geographic segments are located as follows:

- (a) the Company’s mineral properties in Chile;
- (b) the Quitovac property in Mexico;
- (c) corporate offices in Canada.

Segmented information is presented as follows:

	Chile	Mexico	Corporate	Total
<b>As at June 30, 2007</b>				
Cash and cash equivalents	\$ 710,084	\$ -	\$ 24,100,315	\$ 24,810,399
Other current assets	24,482	-	13,267	37,749
Mineral properties and equipment	\$ 30,497,147	95,000	-	30,592,147
	<hr/>			
Total assets	\$ 31,231,713	\$ 95,000	\$ 31,231,713	\$ 55,440,295
	<hr/>			
Current liabilities	\$ 357,576	\$ -	\$ 97,909	\$ 455,485
	<hr/>			
<b>For the six months ended June 30, 2007</b>				
Amortization	\$ 36,617	\$ -	\$ 1,844	\$ 38,461
Interest income	-	-	(484,118)	(484,118)
Other expenses	24,906	-	(686,938)	(662,032)
	<hr/>			
Loss (net earnings)	\$ 61,523	\$ -	\$ (1,169,212)	\$ (1,107,689)
	<hr/>			
Mineral property expenditures	\$ 18,890,511	\$ -	\$ -	\$ 18,890,511
	<hr/>			
<b>For the three months ended June 30, 2007</b>				
Amortization	\$ 17,416	\$ -	\$ 950	\$ 18,366
Interest income	-	-	(319,666)	(319,666)
Other expenses	25,072	-	(842,549)	(817,477)
	<hr/>			
Loss (net earnings)	\$ 42,488	\$ -	\$ (1,161,265)	\$ (1,118,777)
	<hr/>			
Mineral property expenditures	\$ 13,625,365	\$ -	\$ -	\$ 13,625,365
	<hr/>			

	Chile	Mexico	Corporate	Total
<b>As at June 30, 2006</b>				
Cash and cash equivalents	\$ 1,946	\$ -	\$ 24,100,315	\$ 24,810,399
Other current assets	47,339	-	13,267	37,749
Mineral properties and equipment	\$ 8,151,139	95,000	-	30,592,147
Total assets	<u>\$ 8,200,424</u>	<u>\$ 95,000</u>	<u>\$ 31,231,713</u>	<u>\$ 55,440,295</u>
Current liabilities	<u>\$ 144,834</u>	<u>\$ -</u>	<u>\$ 97,909</u>	<u>\$ 455,485</u>
<b>For the six months ended June 30, 2007</b>				
Amortization	\$ 12,489	\$ -	\$ 1,839	\$ 14,328
Mineral properties written off	-	55,886	-	55,886
Interest income	-	-	(126,121)	(126,121)
Other expenses	630	-	338,342	338,972
Loss (net earnings)	<u>\$ 13,119</u>	<u>\$ 55,886</u>	<u>\$ 214,060</u>	<u>\$ 283,065</u>
Mineral property expenditures	<u>\$ 4,234,254</u>	<u>\$ 55,886</u>	<u>\$ -</u>	<u>\$ 4,290,140</u>
<b>For the three months ended June 30, 2007</b>				
Amortization	\$ 6,244	\$ -	\$ 939	\$ 7,183
Mineral properties written off	-	784	-	784
Interest income	-	-	(111,047)	(111,047)
Other expenses	(11,859)	-	131,560	119,701
Loss (net earnings)	<u>\$ 42,488</u>	<u>\$ 784</u>	<u>\$ 21,452</u>	<u>\$ 16,621</u>
Mineral property expenditures	<u>\$ 2,347,306</u>	<u>\$ 784</u>	<u>\$ -</u>	<u>\$ 2,348,090</u>

## 11. Cash and cash equivalents

At June 30, 2007 cash and cash equivalents was composed solely of cash.

## 12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's consolidated financial statement presentation.