

INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED

SEPTEMBER 30, 2010

Expressed in United States dollars unless otherwise indicated

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ANDEAN RESOURCES LIMITED

**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010
(unaudited)**

<i>(thousands of US dollars)</i>	Notes	Three months ended 30 September	
		2010 \$000	2009 \$000
Revenue from continuing operations		203	36
Exchange gain / (loss)		5,023	(4,011)
Bank Commissions		(108)	(62)
Employee benefits expense		(1,495)	(495)
Depreciation and amortization expense		(7)	(3)
Consultant fees		(944)	(330)
Legal expenses		(127)	(75)
Promotional expense		(40)	(38)
Share based payments	8	(2,462)	(74)
Stock exchange expenses		(66)	(100)
Travel expenses		(495)	(154)
Administration expenses		(738)	(344)
Profit/(loss) before income tax		(1,256)	(5,650)
Income tax		-	-
Profit/(loss) for the quarter		(1,256)	(5,650)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations	1	(561)	407
Other comprehensive income/(loss) for the quarter, net of tax		(561)	407
Total comprehensive income/(loss) for the quarter		(1,817)	(5,243)
Total comprehensive income/(loss) for the quarter is attributable to:			
Owners of Andean Resources Ltd.		(1,817)	(5,243)
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic and diluted loss per share	7	(0.25)	(1.25)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

ANDEAN RESOURCES LIMITED

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010
(unaudited)**

		30 September 2010 \$000	30 June 2010 \$000
<i>(thousands of US dollars)</i>	Notes		
Assets			
Current assets			
Cash and cash equivalents		258,758	53,520
Trade and other receivables	2	4,613	3,014
Total current assets		263,371	56,534
Non-current assets			
Receivables		9,732	7,824
Property, plant and equipment		18,166	14,055
Exploration and evaluation costs carried forward	3	65,715	62,008
Total non-current assets		93,613	83,887
Total assets		356,984	140,421
Liabilities			
Current liabilities			
Trade and other payables	4	12,884	11,051
Total current liabilities		12,884	11,051
Non-current liabilities			
Provisions and payables		238	268
Total non-current liabilities		238	268
Total liabilities		13,122	11,319
Net assets		343,862	129,102
Equity			
Contributed equity	5	387,985	171,970
Reserves	1,6,8	7,539	7,538
Accumulated losses		(51,662)	(50,406)
Total equity		343,862	129,102

The above statement of financial position should be read in conjunction with the accompanying notes

ANDEAN RESOURCES LIMITED

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010
(unaudited)**

<i>(thousands of US dollars)</i>	Attributable to equity holders of the Company				
	Share capital	Share based payments reserve	Foreign exchange	Retained earnings	Total equity
Balance at 1 July 2010	171,970	7,431	107	(50,406)	129,102
Total comprehensive income for the period					
Profit or loss	-	-	-	(1,256)	(1,256)
Other comprehensive income					
Foreign currency translation differences	-	-	(505)	-	(505)
Total other comprehensive income	-	-	(505)	(1,256)	(1,761)
Total comprehensive income for the period	171,970	7,431	(398)	(51,662)	127,341
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	216,015	-	-	-	216,015
Share options exercised	-	506	-	-	506
Total contributions by and distributions to owners	216,015	506	-	-	216,521
Balance at 30 September 2010	387,985	7,937	(398)	(51,662)	343,862
Balance at 1 July 2009	86,592	7,246	1,262	(35,850)	59,250
Total comprehensive income for the period					
Profit or loss	-	-	-	(5,650)	(5,650)
Other comprehensive income					
Foreign currency translation differences	-	-	407	-	407
Total other comprehensive income	-	-	407	(5,650)	(5,243)
Total comprehensive income for the period	86,592	7,246	1,669	(41,500)	54,007
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	79,579	-	-	-	79,579
Share options exercised	-	-	-	-	-
Total contributions by and distributions to owners	79,579	-	-	-	79,579
Balance at 30 September 2009	166,171	7,246	1,669	(41,500)	133,586

The above statement of changes in equity should be read in conjunction with the accompanying notes

ANDEAN RESOURCES LIMITED

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010**

(unaudited)

	Three months ended 30 September	
	2010	2009
	\$000	\$000
<i>(thousands of US dollars)</i>	INFLOWS / (OUTFLOWS)	
Cash flows from operating activities		
Payments to suppliers and employees	(7,223)	(1,675)
Interest received	203	43
Net cash (outflow) from operating activities	(7,020)	(1,632)
Cash flows from investing activities		
Payment for property, plant and equipment	(4,331)	(1,348)
Payment for exploration expenditure	(3,707)	(2,508)
Net cash (outflow) from investing activities	(8,038)	(3,856)
Cash flows from financing activities		
Proceeds from share issues	224,883	83,005
Capital raising expenses	(9,105)	(3,932)
Net cash inflow (outflow) from financing activities	215,778	79,073
Net increase (decrease) in cash held	200,720	73,585
Cash at the beginning of the financial year	53,520	11,870
Foreign exchange translation adjustment	4,518	(2,328)
Cash at the end of the financial year	258,758	83,127

The above statement of cash flows should be read in conjunction with the accompanying notes

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 SEPTEMBER 2010**

NOTE 1 BASIS OF PREPARATION OF INTERIM REPORT

This unaudited interim financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issuer Group Interpretations and the Corporations Act 2001.

This unaudited interim financial report does not include all the notes normally included in a full annual financial report. Accordingly, this interim unaudited financial report should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2010. It is also recommended that the interim financial report be considered together with any public announcements made by Andean Resources Ltd. during the interim reporting period in accordance with the continuous disclosure requirements of the Toronto and Australian stock exchange Listing Rules and the Corporations Act 2001.

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Andean Resources Limited (the "Company" or together with its subsidiaries, the "Group") comply with International Financial Reporting Standards (IFRS).

The consolidated financial statements of the Group have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

In preparing these interim unaudited consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2010.

Foreign currency translation

The Company has adopted United States (US) dollars as its presentation currency and is in compliance with IAS 21 The Effects of Changes in Foreign Exchange Rates. The financial statements are translated from the Group's functional currency (Australian dollars) into a presentation currency of US dollars (with the exception of subsidiaries already reporting in US dollars) for the periods ending prior to the quarter ended September 30, 2010. For the quarter ended September 30, 2010, the financial statements are translated from the individual subsidiaries functional currencies into a presentation currency of US dollars. The exchange rates applied were as follows:

Quarterly average exchange rates used	September 30	June 30	September 30
	2010	2010	2009
Australian dollars (A\$) to United States dollars (US\$)	0.97010	0.85670	0.87290
Canadian dollars (C\$) to United States dollars (US\$)	0.97190		
Argentine pesos (ARS) to United States dollars (US\$)	0.25200		
Period end closing exchange rates used	September 30	June 30	September 30
	2010	2010	2009
Australian dollars (A\$) to United States dollars (US\$)	0.90286	0.88219	0.83244
Canadian dollars (C\$) to United States dollars (US\$)	0.96220		
Argentine pesos (ARS) to United States dollars (US\$)	0.25451		

Exchange differences on translation of foreign controlled entity and translation to presentation currency are taken to the foreign currency translation reserve in the equity section and under other comprehensive income/(expense) in the statement of comprehensive income. Prior year numbers have been restated to reflect the change in presentation currency.

NOTE 2 TRADE AND OTHER RECEIVABLES

<i>(thousands of US dollars)</i>	September 30	June 30
	2010	2010
	\$000	\$000
GST and other tax credits deducted	156	153
Advances to suppliers	3,014	1,685
Prepayments	206	230
Consumables	1,169	873
Trade receivables	29	42
Other	39	31
	<u>4,613</u>	<u>3,014</u>

NOTE 3 EXPLORATION AND EVALUATION COSTS

<i>(thousands of US dollars)</i>	September 30	June 30
	2010	2010
	\$000	\$000
Balance at the beginning of period	62,008	44,984
Exploration & evaluation costs incurred during the period	<u>3,707</u>	<u>17,024</u>
Balance at the end of the period	<u>65,715</u>	<u>62,008</u>

The ultimate recoupment of exploration and evaluation costs carried forward is dependent upon the successful development and/or commercial exploitation or alternatively, sale of respective areas of interest.

NOTE 4 TRADE AND OTHER PAYABLES

<i>(thousands of US dollars)</i>	September 30	June 30
	2010	2010
	\$000	\$000
Current		
Trade payables and accruals	8,271	8,519
Other payables (a)	<u>4,613</u>	<u>2,532</u>
	<u>12,884</u>	<u>11,051</u>

(a) This amount relates to share entitlements earned pursuant to the Company's share plan and other incentive shares earned.

NOTE 5 CONTRIBUTED EQUITY

	September 30 2010 Shares	June 30 2010 Shares	September 30 2010 \$000	June 30 2010 \$000
Share capital				
Fully paid ordinary shares	548,450,367	471,299,534	387,985	171,970

Movements in ordinary share capital was as follows:

Date	Details	Number of Shares	Issue Price \$	\$'000
1 July 2010	Opening Balance	471,299,534		171,970
16 July 2010	Shares issued to eligible persons pursuant to the Company's Employee Share Ownership.	83,333	2.84	237
12 August 2010	Exercise of options	850,000	0.36	308
11 August 2010	Share placement to fund development	70,000,000	3.18	222,775
19 August 2010	Exercise of options	25,000	0.34	9
15 September 2010	Exercise of options	1,000,000	0.28	277
30 September 2010	Exercise of options	192,500	0.38	73
30 September 2010	Exercise of options	5,000,000	0.29	1,456
	Capital raising expenses related to 11 August 2010 share placement (a)			(9,120)
30 September 2010	Closing Balance	548,450,367		387,985

(a) Capital raising expenses include underwriters, legal, and administrative fees.

NOTE 6 RESERVES

(thousands of US dollars)

	September 30 2010 \$000	June 30 2010 \$000
Foreign currency translation reserve	(398)	107
Share based payments reserve	7,937	7,431
	7,539	7,538

NOTE 7 EARNINGS/(LOSS) PER SHARE

	Three months ended	
	September 30	
	2010	2009
	Cents	Cents
Basic Loss per share	(0.2458)	(1.2488)
	Number	Number
Weighted average number of shares of ordinary shares		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	510,877,622	452,791,381
<i>(thousands of US dollars)</i>	\$'000	\$'000
Earnings used in calculating undiluted loss per share	(1,256)	(5,650)

Diluted Loss per Share

As the Group incurred a loss for the Quarter ended 30 September 2010 the options on issue have no dilutive effect therefore the diluted loss per share is equal to the undiluted earnings per share.

NOTE 8 SHARE BASED PAYMENTS

(thousands of US dollars)

	Three months ended	
	September 30	
	2010	2009
	\$'000	\$'000
Fair value of options included in income statement	488	-
Fair value of Company share plan shares included in income statement	1,620	74
Fair value of employee bonus shares included in the income statement	354	-
	<u>2,462</u>	<u>74</u>

Set out below are summaries of options granted as remuneration:

2010

Grant Date	Expiry Date	Exercise Price	Balance 1 July 2010	Granted	Exercised	Forfeited / Expired	Balance 30 September 2010	Vested and exercisable 30 September 2010
Consolidated and parent entity								
11-May-07	14-Mar-11	A\$0.40	25,000	-	25,000	-	-	-
29-Jan-07	30-Sep-10	A\$0.30	6,000,000	-	6,000,000	-	-	-
22-Jun-07	30-Jun-11	A\$0.40	1,042,500	-	1,042,500	-	-	-
11-Oct-07	14-Jul-11	A\$0.70	2,000,000	-	-	-	2,000,000	2,000,000
30-Jun-08	2-Jun-12	A\$1.60	250,000	-	-	-	250,000	250,000
4-Dec-08	31-Jul-12	A\$0.75	500,000	-	-	-	500,000	-
5-Jul-10	5-Jul-17	C\$2.82	-	300,000	-	-	300,000	300,000
29-Jul-10	29-Jul-17	C\$3.41	-	40,480	-	-	40,480	-
22-Aug-10	22-Aug-17	C\$4.06	-	26,700	-	-	26,700	-

\$A = Australian Dollar
\$C = Canadian Dollar

2009

Grant Date	Expiry Date	Exercise Price	Balance 1 July 2009	Granted	Exercised	Forfeited / Expired	Balance 30 September 2009	Vested and exercisable 30 September 2009
Consolidated and parent entity								
11-May-07	14-Mar-11	A\$0.40	400,000	-	(250,000)	-	150,000	150,000
13-Mar-06	31-Oct-09	A\$0.25	1,000,000	-	-	-	1,000,000	1,000,000
13-Mar-06	30-Apr-10	A\$0.30	1,000,000	-	-	-	1,000,000	1,000,000
13-Mar-06	31-Oct-10	A\$0.35	1,000,000	-	-	-	1,000,000	1,000,000
8-Dec-04	31-Oct-09	A\$0.25	3,000,000	-	-	-	3,000,000	3,000,000
29-Jan-07	30-Sep-10	A\$0.30	6,000,000	-	-	-	6,000,000	6,000,000
22-Jun-07	30-Jun-11	A\$0.40	1,412,500	-	-	-	1,412,500	1,412,500
11-Oct-07	14-Jul-11	A\$0.70	3,000,000	-	-	-	3,000,000	3,000,000
1-May-08	14-Apr-12	A\$1.70	1,000,000	-	-	-	1,000,000	500,000
30-Jun-08	2-Jun-12	A\$1.60	250,000	-	-	-	250,000	125,000
4-Dec-08	31-Jul-12	A\$0.75	1,000,000	-	-	-	1,000,000	500,000

\$A = Australian Dollar

Fair Value of Options Granted

There were 150,200 share options granted in the quarter ended September 30, 2010. The total theoretical fair value for options granted was \$703,052.

Fair Value of Shares Granted

There were 75,400 shares granted in the quarter ended September 30, 2010. The total theoretical fair value for shares granted was \$412,312.

NOTE 9 SUBSEQUENT EVENTS

Advancements to the recent Goldcorp acquisition include a completed scheme booklet which is consistent with the agreement whereby it is anticipated that Goldcorp will acquire, through a scheme of arrangement under Australian law ("the Arrangement"), all of the outstanding shares of Andean.

The scheme booklet in connection with the scheme meeting to be called to consider and approve the Arrangement was mailed to Andean shareholders during the first week of November 2010.