Securities and Exchange Commission
Washington, D.C. 20549

Form 6-K/A

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the Month of November 2007
Commission File Number 000-22731

Minera Andes Inc.
(Translation of registrant's name into English)

111 E. Magnesium Road, Suite A
Spokane, Washington 99208
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☐ Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-________

FORWARD-LOOKING STATEMENTS

The information presented or incorporated by reference in this Current Report on Form 6-K contains both historical and prospective statements concerning Minera Andes Inc. and its operations. Historical statements are based on events that have already happened; examples include the reported financial and operating results, descriptions of pending and completed transactions, and management and compensation matters. Prospective statements, on the other hand, are based on events that are reasonably expected to happen in the future; examples include the timing of projected operations, the likely effect or resolution of known contingencies or other foreseeable events, and projected operating results. In this Annual Report, Minera Andes Inc. is referred to as "Minera Andes", "we", "our", and the "Company".

Prospective statements (which are known as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995) may or may not prove true with the passage of time because of future risks and uncertainties. Significant financial, operational, governmental and regulatory, and market risks are described in the Management's Discussion and Analysis.

EXPLANATORY NOTE

This Form 6-K/A filing is being made to correct mathematical errors in the Interim Consolidated Financial Statements that were included as Exhibit 99.1 to our Form 6-K filed on November 14, 2007. The corrections relate to a mathematical error in Note 2(d), Investment in Minera Santa Cruz, which was carried forward to that line item on the balance sheet and resulted in errors in the balance sheet line items for Total assets, Total shareholders' equity, and Total liabilities and shareholders' equity. Aside from correcting these errors, this filing is unchanged from the original Form 6-K.

EXHIBIT INDEX

The following documents are filed as exhibits to and incorporated by reference in this report on Form 6-K/A:

Exhibit		Description
99.1		Interim Consolidated Financial Statements
99.2		Management's Discussion and Analysis(1)
99.3		Chief Executive Officer's Certification of Interim Filings
99.4		Chief Financial Officer's Certification of Interim Filings
99.5		Letter to Shareholders(1)

(1) Previously filed as an exhibit to the Form 6-K filed on November 14, 2007 and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MINERA ANDES INC.

By: /s/ Allen V. Ambrose
Allen V. Ambrose, President and
Chief Executive Officer

Dated: November 20, 2007

MINERA ANDES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

This discussion and analysis of financial condition and plan of operations is prepared as at November 13, 2007 and should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2006 and the unaudited consolidated interim financial statements and notes thereto for the period ended September 30, 2007, which have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Differences from U.S. GAAP are described in Note 12 to the audited consolidated financial statements for the year ended December 31, 2006. These statements along with additional information relating to Minera Andes are available on SEDAR at www.sedar.com and included in the Company's Form 40-F for the year ended December 31, 2006 on the SEC's EDGAR system at www.sec.gov. The unaudited interim consolidated financial statements for the three-month and nine-month period ended September 30, 2007 have not been reviewed by the Company's auditors. Financial condition and results of operations are not necessarily indicative of what may be expected in future periods.

All amounts in this discussion are in U.S. dollars unless otherwise indicated.

Cautionary Note Regarding Forward-Looking Statements

The information in this report includes "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 ("1934 Act") and applicable Canadian Securities legislation, and is subject to the safe harbor created by those sections. Factors that could cause results to differ materially from those projected include, but are not limited to, results of current exploration activities, the market price of precious and base metals, the availability of joint venture partners or sources of financing, and other risk factors detailed in "Risk Factors Related to Our Business" in Management's Discussion and Analysis for the year ended December 31, 2006 prepared as at April 17, 2007 available on SEDAR at www.sedar.com and included in the Company's Form 40-F for the year ended December 31, 2006 on the SEC's EDGAR system at www.sec.gov.

Overview

Minera Andes was incorporated in Alberta in July 1994 and went public in November 1995 through an amalgamation with Scotia Prime Minerals, Incorporated, also an Alberta corporation. We are a reporting issuer in Alberta, British Columbia, Saskatchewan, Ontario and Nova Scotia and trade our common shares on the Toronto Stock Exchange ("TSX") under the symbol MAI (prior to February 7, 2007 we traded on the TSX Venture Exchange). We are also a Form 40-F filer in the U.S. and trade on the NASD OTC Bulletin Board under the symbol MNEAF.

The principal business of Minera Andes is the exploration and development of mineral properties, located primarily in the Republic of Argentina, consisting of mineral rights and applications for mineral rights, covering approximately 410,000 acres (166,130 hectares) in three provinces in Argentina. We carry out our business by acquiring, exploring and evaluating mineral properties through our ongoing exploration program. Following exploration, we either seek to enter joint ventures to further develop these properties or dispose of them if the properties do not meet our requirements. Our properties are all early stage exploration properties, except for the San José mine.

Within our mineral exploration land in Argentina our focus is primarily on gold, silver and copper mineralized targets. In addition, several new exploration properties have been acquired through the filing of mineral applications. These properties reveal numerous similarities to Minera Andes' San José property in northern Santa Cruz province.

Through our subsidiaries and joint ventures we own a 49% equity interest in Minera Santa Cruz ("MSC"), which owns the San José gold/silver property in Southern Argentina, and a 100% interest in over 10 mineral properties in Argentina. MSC made a formal decision through its board of directors to place the San José project into production in March 2006 and the San José mine entered the commissioning phase of start-up production at the end of third quarter of 2007.

Our management office is 111 E. Magnesium Road, Suite A, Spokane, Washington, 99208, and our principal business address is Coronel Moldes 837/820, (5500) Mendoza, Argentina. Our registered address is 7415B 35th Ave. N.W., Calgary, Alberta, T3B 1T4 Canada.

Update

During 2006 and through the third quarter of 2007 the company has made significant discoveries in gold, silver, and copper and has made significant progress towards it goal of becoming a silver and gold producer in Argentina. Some of our significant achievements include:

- The San José mine attained initial production during the third quarter of 2007 with the commissioning and start-up of the mine. Currently, the mining operation is expected to reach full production by year-end and the process plant, which is still in the commissioning phase, is forecast by Minera Andes to reach full capacity in first half of 2008. At the end of the third quarter of 2007, the mines ore stock pile contained 60,000 tonnes and the mine processed 27,494 tonnes of ore with an average head grade of 544 g/t silver and 7.2 g/t gold. A total of 182,000 ounces of silver and 3,290 ounces of gold were produced in the third quarter during the pre-production commissioning phase at San José. Minera Andes owns 49% of the mine through its joint venture with the project operator, a subsidiary of Hochschild Mining PLC ("Hochschild").

  During construction approximately 1,100 people were working at the site and now that construction is complete the mine is staffed by approximately 450 personnel. Based on a 2005 feasibility study at a start-up production rate of 750 tons per day, the mine at full production is forecasted to produce approximately 60,633 of gold and 3.1 million ounces of silver on an annual basis.

- In 2006, a 21,241-meter drilling program was completed at the San José project primarily on the Kospi vein to add reserves/resources to the project. In September of 2007 a new NI- 43-101 Technical Report by AMEC Americas Limited was completed at the San José mine. The results from the report indicate that the 2006 core drilling program (128 holes totaling 22,047 meters) on the Kospi vein at San José increased silver and gold resources by 62% from the level announced in the October 2005 feasibility study. Surface and underground exploration, development, and drilling at San José project has continued to identify additional reserves and resources that have gone beyond these results reported in the September 2007 Technical Report. Thus, we have commissioned AMEC, our independent engineer, to complete a new NI 43-101 report that is in progress.

- In 2007, a 38,000 meter exploration drilling program is underway and is designed to test new targets and to develop new reserves and resources on the property to increase mine life and facilitate the expansion of production at the San José project. A total of 8,310 meters were drilled in 31 core holes on the Frea vein. The next phase of drilling has started and will focus on the open ended Frea vein and the targets to the west in the Odin and Ayelen areas.

  The Frea vein is located 2 kilometers northwest of the Huevos Verdes vein, and both veins are currently being mined on several levels. Proven reserves of 534,000 tonnes and probable reserves 75,000 tonnes (totaling 609,000 tonnes grading 9.34 g/t gold and 375 g/t silver) at the Frea vein are currently delineated over a strike length of about 575 meters and to a depth of approximately 350 meters below the surface. The drilling completed this year extends the known mineralization along the Frea vein trend another 500 meters along strike- over an 87% increase in strike length. The highest grade intercepts from this drilling is hole SJD-357 that encountered 100.09 g/t (3.22 ounces per tonne - opt) gold and 1,234 g/t (40 opt) silver over 0.50 meters and hole SJD-341 that encountered 58.66 g/t (1.86 opt) gold and 5,081 g/t (163 opt) silver over 0.68 meters.

- In May of 2007 we reported the expansion of our high-grade copper discovery at our Los Azules porphyry copper prospect in the San Juan province of northern Argentina. The 2006-2007 field season program completed 11 drill holes totaling 3,714 meters in the copper target. Several holes ended in copper mineralization, including AZ-07-24D that bottomed in 4.2 meters of high-grade containing 1.26% copper. The 2005-2006 field season also completed an eleven hole drill program and returned intervals up to 1.62% copper over 221 meters and 1.00% copper over 173 meters in separate holes.

- In 2006, MSC arranged an in-house financing facility for up to $55 million, subsequently increased to $61 million, from a Hochschild subsidiary to complete construction of the San José mine. The loan will be repaid only from MSC cash flow eliminating the need for typical bank-required hedging of the gold and silver production. Also the loan is unsecured except for a security interest over Minera Andes' right to payments from MSC and a charge over MSC's accounts and money deposited therein. The loan facility was expanded to $65 million after the end of the second quarter to cover additional mine completion costs and we are currently finalizing the terms and conditions of the loan. As at September 30, 2007, $65 million had been advanced to the project.

- In 2006, our largest shareholder Mr. Robert McEwen, founder and past Chairman of Goldcorp Inc. continued to increase his position in the company by exercising warrants to purchase 2,000,000 shares at Cdn$1.80 per share. Mr. McEwen owns approximately 30% of the issued and outstanding common shares of Minera Andes.

- An early warrant exercise program received gross proceeds of Cdn$3.9 million through the early exercise of 6,006,758 warrants on March 19, 2007. The incentive program was for the early exercise of three series of common share purchase warrants of the Company announced December 27, 2006. Under the incentive program, a total of 600,673 New Warrants were issued to those warrant holders taking part in the early exercise incentive. Each New Warrant entitles the holder to acquire a common share of the Company at the price of Cdn$1.75 per share until September 19, 2008.

- In December 2006, we received conditional listing approval to list our common shares on the TSX and we began trading on the TSX in February 2007. Trading on a senior exchange allows more investors to participate in our shares and is expected to benefit all shareholders.

- We acquired several new exploration land packages in Argentina, and continued to pursue new growth opportunities.

- In August 2007, the board of MSC approved a budget of $102.9 million for construction completion of the 750 tpd operation, pre-production mine expansion costs, and costs related to the change in scope to the original mine plan incurred to date, $5.4 million for two months of sustaining costs, $2.1 million for exploration, $2.9 million for electrical connection to the regional power grid, and the related IVA for each item. The amounts paid for IVA tax are refundable to MSC ratably based on production. An amount of $27.4 million was funded by the MSC shareholders (Hochschild and Minera Andes).

- During November 2007, a definitive Option Agreement was executed by Minera Andes and Xstrata Copper on the Los Azules project. The Option Agreement consolidates into one package adjoining properties that straddle a large copper porphyry system. Xstrata Copper is one of the commodity business units within Xstrata plc (see subsequent event section for detailed description).

Results of Operations

Third quarter 2007 compared to third quarter 2006

For the third quarter of 2007, our net loss was $0.98 million (1 cent per share) compared with a net loss of $0.78 million (1 cent per share) for the third quarter of 2006. The difference of $0.2 million was caused primarily by an increase in loss on equity investment of $0.2 million.

Mineral property and deferred exploration costs for the three months ended September 30, 2007 amounted to $0.33 million compared to $0.41 million for the same period in 2006. The difference was due primarily to timing of expenditures. Mineral property and deferred exploration costs for the nine months ended September 30, 2007 were $3.11 million compared to $2.41 million for the same period in 2006. The difference of $0.7 million was due to increased exploration and drilling activity primarily at the Los Azules property in 2007.

Summary of Quarterly Results

Quarter ended	9/30/07	6/30/07	3/31/07	12/31/06	9/30/06	6/30/06	3/31/06	12/31/05
Net loss - $	980,211	417,144	1,009,654	8,149,816	777,110	1,277,664	567,849	2,045,649
Basic and diluted loss per common share - $	0.01	0.00	0.01	0.05	0.02	0.01	0.01	0.02

Although comparison of net loss among the different quarters is difficult due to various isolated items that only affected the net loss in particular quarters, there has been a general rise in audit fees, costs of Sarbanes-Oxley compliance, legal fees related to increased business activity, and increases in the loss on our equity investment in MSC related to MSC's increased activity. The quarters ended December 31, 2006 and December 31, 2005 show additional losses due primarily to stock option compensation of approximately $5.1 million and $0.8 million, respectively, plus a write-off of mineral properties and deferred exploration costs of $1.7 million during the quarter ended December 31, 2006.

Contractual Obligations, Contingent Liabilities and Commitments

We enter into operating leases in the normal course of business. Substantially all lease agreements have fixed payment terms based on the passage of time. Some lease agreements provide us with the option to renew the lease. Our future operating lease obligations would change if we exercised these renewal options and if we entered into additional lease agreements. In addition we also enter into loan facilities as sources of financing for our advanced projects.

Our lease and loan obligations as at September 30, 2007 are as follows:

Contractual Obligations		Payments Due by Period			
	Total	Less than 1 year	1-3 years	3-5 Years	More than 5 years
Long-Term Debt (1)	$ 39,350,000	$ --	$ 39,350,000	$ --	$ --
Operating Lease Obligations (2)	100,329	17,817	82,512	--	--
Purchase Obligations	--	--	--	--	--
Capital Lease Obligations	--	--	--	--	--
Other long-term liabilities	--	--	--	--	--
Total	$ 39,450,329	$ 17,817	$ 39,432,512	$ --	$ --

(1) Long-term debt consists of a bank loan of $7,500,000 and a project financing facility of $31,850,000. The bank loan is due in March 2009. The project financing facility loan will be paid out of cash flow from the San José mine. Under terms of the project financing facility for the San José mine, a subsidiary of Hochschild lends 51% of a bridge loan and permanent financing directly to MSC and 49% of the loan is lent to Minera Andes which in turn lends the funds to MSC. The amount shown above is the loan that Minera Andes owes Hochschild and is mirrored by a loan in equal amount that MSC owes Minera Andes. See Note 4b in the December 31, 2006 audited consolidated financial statements for additional details.

(2) Contingency consists of various lease agreements for office and storage space in Spokane, United

States, Vancouver, Canada and Mendoza, Argentina.

The table of contingencies above does not include the following:

On December 2, 2003, we signed an agreement that obligated us to pay N.A. Degerstrom, Inc. a royalty of $250,000 if any of the current properties, other than the properties comprising the San José project, meet certain conditions such as bankable feasibility or commercial production. Our obligation expires December 31, 2013. As of September 30, 2007 no payments are required under this agreement.

In addition, mineral rights in Argentina are owned by the federal government and administered by the provinces. The provinces can levy a maximum 3% "mouth of mine" (gross proceeds) royalty. The provinces of Mendoza and Neuquén have waived their right to a royalty. The provinces of Río Negro, San Juan, Santa Cruz and Chubut have not yet established a policy regarding the royalty.

In August 2007, the board of MSC approved a budget of $102.9 million for construction completion of the 750 tpd operation, pre-production mine expansion costs, and costs related to the change in scope to the original mine plan incurred to date, $5.4 million for two months of sustaining costs, $2.1 million for exploration, $2.9 million for electrical connection to the regional power grid, and the related IVA for each item. The amounts paid for IVA tax are refundable to MSC ratably based on production. Minera Andes paid its 49% pro rata share of these costs in October of 2007.

Outstanding Share Data (as at November 13, 2007):

Class and Series of Security	Number Outstanding	Expiry Date of Convertible Securities	Relevant Terms
Common shares	166,832,517		
Stock options	10,445,000 (vested)	Various (December 5, 2008 to March 21, 2013)	Exercisable for one common share each at Cdn$0.31 to Cdn$1.73
Purchase warrants	11,389,522	Various (September 19, 2008 to March 22, 2010)	Exercisable for one common share each at Cdn$0.50 to Cdn$2.41

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Liquidity and Capital Resources

Due to the nature of the mining business, the acquisition, exploration, and development of mineral properties requires significant expenditures prior to the commencement of production. To date, we have financed our activities through the sale of equity securities, debt, and joint venture arrangements. We expect to use similar financing techniques in the future, however we cannot assure you that we will be successful in our financing activities in the future. Our ability to continue in operation is dependent on our ability to secure additional financing, and while we have been successful in doing so in the past we cannot assure you that we will be able to do so in the future. Management is actively pursuing such additional sources of financing; however, in the event this does not occur, there is doubt about the ability to continue as a going concern. Our financial statements do not include the adjustments that would be necessary should we be unable to continue as a going concern.

In recognition of our liquidity and capital resources, our independent public accountants have included a comment in their report on our consolidated financial statements for the year ended December 2006, that would express substantial doubt as to our ability to continue as a going concern.

Our exploration and development activities and funding opportunities, as well as those of our joint venture partner, may be materially affected by precious and base metal price levels and changes in those levels. The market prices of precious and base metals are determined in world markets and are affected by numerous factors which are beyond our control.

At September 30, 2007, we had cash and cash equivalents of $1.6 million, compared to cash and cash equivalents of $2.2 million as of December 31, 2006. Working capital at September 30, 2007 was $0.9 million compared with $1.6 million at December 31, 2006. Net cash used in operating activities during the nine months ended September 30, 2007 was $1.0 million compared with net cash used in operating activities of $1.2 million for the nine months ended September 30, 2006. Investing activities used $14.8 million in the period ended September 30, 2007 compared with $12.9 million used in the same period of 2006. The cash used in investing activities in both 2006 and 2007 was primarily for investment in the San José project and for expenditures for the drilling program at the Los Azules property.

In the nine months ended September 30, 2007, we issued 1,305,000 common shares for the exercise of stock options and 8,873,102 common shares for the exercise of purchase warrants for net proceeds of $7.7 million.

In February 2007, the shareholders approved a warrant exercise incentive program. The Company received gross proceeds of $3.3 million (Cdn$3.9 million) through the early exercise of 6,006,758 warrants, under the incentive program for the early exercise of three series of common share purchase warrants of the Company.

The early exercise incentive program pertained to three private placements listed in the table below. Notices regarding the early exercise incentive were delivered to holders of the affected private placements advising the holders of the exercise incentive program. Holders of these warrants had until March 19, 2007 to exercise their warrants to receive the incentive. The following table set forth the number of warrants exercised pursuant to the early exercise incentive program, the funds received and the number of warrants still outstanding:

Warrant price (Cdn$)	Expiry date	Number of warrants exercised	Value of warrants exercised under incentive program (Cdn$)	Number of warrants still outstanding after early exercise
0.50	11/13/2008	851,500	$ 425,750	878,725
0.55	12/1/2007	935,714	514,643	--
0.70	3/22/2010	4,219,544	2,953,680	2,012,409
Total		6,006,758	$ 3,894,073	2,891,134

Under the exercise incentive program, a total of 600,673 New Warrants were issued to those warrant holders taking part in the early exercise incentive. Each New Warrant entitles to holder to acquire a common share of the Company at the price of Cdn$1.75 per share until September 19, 2008. The New Warrants and common shares issuable upon exercise of the New Warrants will be subject to a four-month and one-day hold period. The fair value of the New Warrants, as at March 19, 2007, was calculated to be $293,379 using the Black-Scholes option pricing model with the following assumptions: dividend yield – Nil; risk free interest rate – 3.97%; expected volatility of 62.99% and an expected life of 18 months. The fair value of the warrants was recorded as an increase to accumulated deficit with a corresponding increase to contributed surplus.

For those warrant holders who did not take part in the early exercise incentive program, the existing warrants held will continue to be exercisable for common shares under the original terms of the private placement. However, the holder is not entitled to receive any new incentive warrants.

In March 2007, we received a two-year loan from Macquarie Bank Limited for $7,500,000 of which $5,880,000 was for the development of the San José project and $1,620,000 was for general purposes. See Note 3 in the consolidated financial statements for additional details. In October 2007, we received a two-year loan facility from Macquarie Bank Limited for $10,000,000 of which $8,526,000 was for the development of the San José project and $1,474,000 was for general corporate purposes. This loan is an additional tranche on the previous facility with Macquarie Bank. (See Subsequent Events below.)

Related Party Transactions

During the three-month and nine-month periods ended September 30, 2007 we incurred legal fees to a firm in which a director and officer was an associate totaling $16,017 and $45,489, accordingly (three-month and nine-month periods ended September 30, 2006 – $13,397 and $42,399, accordingly). This transaction was in the normal course of operations and was measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make a wide variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements. Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increases, these judgments become even more subjective and complex. The most significant accounting policies that are most important to the portrayal of our current financial condition and results of operations relates to mineralization and deferred development costs. Other accounting policies are disclosed in Note 2 to the audited consolidated financial statements for the year ended December 31, 2006. These financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment. If a mineral property is put into production, the costs of acquisition and exploration will be depreciated over the life of the property, based on estimated economic reserves. Proceeds received from the sale of any interest in a mineral property will first be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and deferred exploration costs will be written off to operations.

Change in Accounting Policies

Effective January 1, 2007, the Company prospectively adopted the Canadian Institute of Chartered Accountant's ("CICA") Handbook Section 3855, Financial Instruments- Recognition and Measurement; Section 1530, Comprehensive Income; Section 3865, Hedges and Section 3861, Financial Instruments- Disclosure and Presentation. While the new rules resulted in changes to how the Company accounts for its financial instruments, there were no impacts on the Company's current quarter financial results. For a description of the new accounting rules, see Note 1 to the unaudited Consolidated Financial Statements for the quarter ending September 30, 2007.

Subsequent Events

a. **Loan from Macquarie Bank Limited**
   In October 2007, Minera Andes received a loan facility from Macquarie Bank Limited ("Macquarie Bank", Australian Stock Exchange, ASX: MBL) of US$10 million. The main purpose of the facility was to provide additional funding to Minera Andes for its 49% portion of the costs of the exploration, sustaining capital, cost overruns and expansion related costs of the MSC project that entered its production commissioning phase in the third quarter of 2007.

The debt financing was primarily for Minera Andes' 49% share of the October cash call from MSC of $17.4 million for costs of mine construction, expansion of the exploration program which includes drilling new targets, expanding the reserves and resources, and for general working capital. In October 2007 Minera Andes sent funds of $8.53 million to MSC to fund its 49% portion of the cash call.

The commercial terms of the loan include a facility fee of 1.75% of the principal amount of the loan and interest of LIBOR plus 2.75% p.a., currently totaling approximately 7.79% p.a. and matures on September 30, 2009. In addition, Minera Andes has issued share purchase warrants to acquire 4,066,390 Common Shares of Minera Andes at an exercise price of Cdn$2.41 per share. The warrant exercise price was calculated at a 20 percent premium to the volume weighted average of Minera Andes' common stock determined from the ten business days prior to October 22, 2007. The warrants issued are exercisable until September 30, 2009 the same term as the loan. The warrants and the underlying common shares will have a hold period until February 25, 2008. A success fee of $100,000, being one percent of the principal amount of the facility, is payable to Xystus Limited for assisting with the structuring and negotiation of the loan facility.

b. Cash Call from MSC

On November 5, 2007, the board of MSC approved project capital increases of $42.5 million. These costs are related to the fact that the processing facility at San José is taking longer than anticipated to reach commercialization requiring $34.1 million in funds to replace the deficit in the planned operating cash flow and capital costs have increased by $9.2 million due primarily to plant construction and the processing plant. To fund these costs, on November 5, 2007, Minera Andes received an MSC cash call and its portion is $15.93 million due on January 5, 2008. An additional $4.9 million may be due by Minera Andes if local debt financing for MSC is not available.

Our covenants with Macquarie Bank Limited require us to have 100% of the cash calls made by MSC and not yet paid plus three months budgeted expenditures. On November 5, 2007, we did not meet this covenant but we are presently working to rectify this situation.

c. Option Agreement on Los Azules

Minera Andes and its subsidiary company Minera Andes S.A. ("MASA") and Xstrata Copper have contributed their respective properties into the Option Agreement. Under the Option Agreement, MASA has the right to earn a 100% interest in Xstrata Copper's property by spending at least US$1.0 million on the property by November 2010, making payments to keep the property in good standing and producing a preliminary economic assessment (to NI 43-101 standards). If in the opinion of Xstrata Copper, the preliminary assessment shows the potential to economically produce 100,000 tonnes (200 million pounds) of contained copper per year for 10 years or more then Xstrata Copper will have a right to earn a 51% interest in the combined properties ("the Back-in Right"). To satisfy the conditions of the Back-in Right, Xstrata Copper must assume control and responsibility for the combined properties, make a cash payment to Minera Andes of three times MASA's expenditures incurred on the combined properties after the 25th of November 2005 and complete a bankable feasibility study within five years of its election to exercise the Back-in Right. In the event that the preliminary assessment does not, in Xstrata Copper's opinion, meet the criterion contemplated above, Xstrata Copper's interest would be limited to a right of first refusal on a sale of the combined properties, or any part thereof. All lands that make up the combined properties' mineral applications are subject to a provincial mouth of mine royalty of between zero and 3%. This royalty will be negotiated with the province of San Juan as the project advances.

If Xstrata Copper advises MASA of its intention to exercise Xstrata Copper's Back-in Right for a 51% interest, Minera Andes will be required to form a new Argentinean operating company and transfer the combined properties to the operating company. Following the completion of its Back-in Right, Xstrata Copper will also be required to use commercially reasonable efforts to obtain project financing for the development of a mine as contemplated by the bankable feasibility study. If the project financing arrangements are accepted by MASA and such financing completes, Xstrata Copper will earn an additional 4% interest in the project, thereby reducing MASA's interest from 49% to 45%. If project financing is not available or not accepted by MASA, the project may proceed without third party financing.

MASA and Xstrata Copper are to use good faith efforts to negotiate and execute a shareholders' agreement governing the operating company after the date that Xstrata Copper notifies MASA of its intention to exercise the Back-in Right. The activities that may be undertaken by the operating company while Xstrata Copper is completing its back-in and thereafter, until a shareholders agreement is signed, will be limited to those activities necessary to deliver the Bankable Feasibility Study. From the date that Xstrata Copper satisfies the conditions of the Back-in Right up until the date on which a shareholders agreement is signed, each of MASA and Xstrata Copper will have a right of first refusal over any bona fide offer received by the other party from a third party purchaser (other than an affiliate) to purchase any of its interest, directly or indirectly, in the project.

The obligation of Xstrata Copper to seek project financing and the limitations placed on the operating company will cease if MASA transfers, directly or indirectly, its interest in the project (other than to an affiliate) or in the event of a change of control of MASA, regardless of whether MASA and Xstrata Copper have entered into a shareholders agreement.

The obligations of MASA under the Option Agreement are guaranteed by Minera Andes and the obligations of Xstrata Copper are guaranteed by Xstrata Queensland Limited. Minera Andes is prohibited from entering into certain transaction resulting in its disposing its interest in the project or certain portion of its interest in Minera Santa Cruz S.A., unless the acquirer assumes Minera Andes' guarantee obligations under the Option Agreement.

MINERA ANDES INC.
"An Exploration Stage Corporation"
CONSOLIDATED BALANCE SHEETS
(U.S. Dollars)

	September 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
Current:		
Cash and cash equivalents	$ 1,631,819	$ 2,244,621
Receivables and prepaid expenses	135,889	268,550
Total current assets	1,767,708	2,513,171
Project loan receivable (Note 2 (d))	31,850,000	9,800,000
Project loan interest receivable	1,697,753	48,330
Mineral properties and deferred exploration costs (Note 2)	8,695,450	5,605,148
Investment in Minera Santa Cruz (Note 2 (d))	41,819,312	30,963,692
Equipment, net	44,043	56,212
Total assets	$ 85,874,266	$ 48,986,553
LIABILITIES		
Current:		
Accounts payable and accruals	$ 871,628	$ 893,880
Bank loan interest payable	40,443	--
Total current liabilities	912,071	893,880
Bank loan (Note 3)	6,160,061	--
Project loan payable (Note 2 (d))	31,850,000	9,800,000
Project loan interest payable	1,697,753	48,330
Asset retirement obligation	45,000	45,000
Total liabilities	40,664,885	10,787,210
Commitments and contingencies (Notes 1, 2 and 5)		
SHAREHOLDERS' EQUITY		
Share capital (Note 4):		
Preferred shares, no par value, unlimited number authorized, none issued		
Common shares, no par value, unlimited number authorized		
Issued September 30, 2007—166,717,517 shares Issued December 31, 2006—156,539,415 shares	71,318,099	63,642,152
Contributed surplus	10,474,936	8,440,457
Deficit accumulated during exploration stage	(36,583,654)	(33,883,266)
Total shareholders' equity	45,209,381	38,199,343
Total liabilities and shareholders' equity	$ 85,874,266	$ 48,986,553

Approved by the Board of Directors:

/s/ Allen V. Ambrose
Allen V. Ambrose, Director

/s/ Allan J. Marter
Allan J. Marter, Director

The accompanying notes are an integral part of these consolidated financial statements.

MINERA ANDES INC.
“An Exploration Stage Corporation”
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
(U.S. Dollars - Unaudited)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Period from July 1, 1994 (inception) through September 30, 2007
Consulting fees (Note 4 (c))	$ 57,661	$ 81,061	$ 201,663	$ 328,950	$ 4,530,294
Depreciation	2,119	2,603	6,481	7,056	103,528
Equipment rental	--	--	--	--	21,522
Insurance	36,305	15,194	108,944	45,618	576,815
Legal, audit and accounting fees	165,235	173,933	523,436	348,731	2,921,595
Materials, supplies and maintenance	--	--	--	--	49,260
Office overhead and administration fees	83,370	67,339	402,005	310,837	3,481,381
Telephone	9,499	9,171	28,376	24,452	515,468
Transfer agent	3,361	7,487	18,483	16,589	177,145
Travel	19,620	8,622	119,942	69,284	745,927
Wages and benefits	137,353	85,666	344,879	247,984	7,325,824
Expenses before under-noted	514,523	451,076	1,754,209	1,399,501	20,448,759
Finance costs	--	--	--	688,712	688,712
Foreign exchange (gain) loss	(102,560)	(17,956)	(434,110)	(42,570)	(178,580)
Gain on sale of equipment	--	--	--	--	(112,971)
Gain on sale of mineral property	--	--	--	--	(898,241)
Interest income	(57,354)	(71,010)	(179,749)	(164,019)	(972,661)
Loss on equity investment (Note 2 (d))	623,000	415,000	1,249,885	741,000	4,461,099
Project loan interest expense	660,000	--	1,649,423	--	1,697,753
Project loan interest income	(660,000)	--	(1,649,423)	--	(1,697,753)
Write-off of mineral properties and deferred exploration costs	2,602	--	16,774	--	10,269,642
Net loss for the period	980,211	777,110	2,407,009	2,622,624	33,705,759
Deficit accumulated during exploration stage, beginning of the period, as previously reported	35,603,443	24,956,340	33,883,266	22,935,359	--
Adjustment for change in accounting for stock-based compensation	--	--	--	--	678,569
Accumulated deficit, beginning of period, as restated	35,603,443	24,956,340	33,883,266	22,935,359	--
Adjustment on acquisition of royalty interest	--	--	--	--	500,000
Share issue costs	--	--	--	175,467	1,388,732
Incentive warrant payment (Note 4 (b))	--	--	293,379	--	293,379
Deficiency on acquisition of subsidiary	--	--	--	--	17,215
Deficit accumulated during exploration stage, end of the period	$ 36,583,654	$ 25,733,450	$ 36,583,654	$ 25,733,450	$ 36,583,654
Basic and diluted loss per common share	$ 0.01	$ 0.01	$ 0.01	$ 0.02	
Weighted average shares outstanding	166,705,185	152,495,955	163,471,121	137,179,221	

The accompanying notes are an integral part of these consolidated financial statements.

MINERA ANDES INC.
"An Exploration Stage Corporation"
CONSOLIDATED STATEMENTS OF MINERAL PROPERTIES
AND DEFERRED EXPLORATION COSTS
(U.S. Dollars - Unaudited)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Period from July 1, 1994 (inception) through September 30, 2007
Administration fees	$ --	$ --	$ --	$ --	$ 392,837
Assays and analytical	12,412	4,140	57,232	74,730	1,293,897
Asset retirement obligation	--	--	--	--	45,000
Construction and trenching	--	--	111,304	36,265	681,852
Consulting fees	33,996	46,021	110,381	125,614	1,595,663
Depreciation	7,156	7,741	20,310	19,175	265,884
Drilling	55	--	1,036,006	850,803	3,476,202
Equipment rental	--	78,780	433,848	174,028	1,179,697
Geology	127,510	69,829	565,153	395,102	5,136,973
Geophysics	--	--	--	--	374,960
Insurance	1,808	--	3,038	1,177	263,401
Legal	46,787	33,861	131,287	88,573	1,086,771
Maintenance	3,254	1,485	15,951	5,245	209,150
Materials and supplies	3,663	3,729	122,721	55,984	722,233
Project overhead	22,812	20,502	137,175	81,448	676,656
Property and mineral rights	13,700	82,530	34,912	203,632	1,710,329
Telephone	14,926	9,720	31,291	26,000	197,657
Travel	19,885	13,906	241,954	174,127	1,778,185
Wages and benefits	18,223	33,839	54,513	101,538	1,601,487
Costs incurred during the period	326,187	406,083	3,107,076	2,413,441	22,688,834
Deferred Costs, beginning of the period	8,371,865	6,477,532	5,605,148	4,470,174	--
Deferred costs, acquired	--	--	--	--	576,139
Deferred costs, contributed to MSC	--	--	--	--	(2,320,980)
Deferred costs written off	(2,602)	--	(16,774)	--	(10,269,642)
Mineral property option proceeds, net	--	--	--	--	(1,978,901)
Deferred costs, end of the period	$ 8,695,450	$ 6,883,615	$ 8,695,450	$ 6,883,615	$ 8,695,450

The accompanying notes are an integral part of these consolidated financial statements.

MINERA ANDES INC.
“An Exploration Stage Corporation”
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. Dollars - Unaudited)

	Three Months Ended		Nine Months Ended		Period from July 1, 1994 (inception) through September 30, 2007
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	
Operating Activities:					
Net loss for the period	$ (980,211)	$ (777,110)	$ (2,407,009)	$ (2,622,624)	$ (33,705,759)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Write-off of incorporation costs	--	--	--	--	665
Write-off of deferred exploration costs	2,602	--	16,774	--	10,269,642
Finance costs	--	--	--	688,712	688,712
Loss on equity investment	623,000	415,000	1,249,885	741,000	4,461,099
Depreciation	2,119	2,603	6,481	7,056	103,528
Stock option compensation (Note 4)	10,000	8,975	10,000	68,247	6,527,888
Gain on sale of equipment	--	--	--	--	(112,971)
Gain on sale of mineral properties	--	--	--	--	(898,241)
Project loan interest expense	660,000	--	1,649,423	--	1,697,753
Project loan interest income	(660,000)	--	(1,649,423)	--	(1,697,753)
Change in:					
Receivables and prepaid expenses	36,544	(15,157)	132,661	(4,166)	(135,889)
Accounts payable and accruals	(133,593)	(78,306)	(22,252)	(57,468)	477,395
Cash used in operating activities	(439,539)	(443,995)	(1,013,460)	(1,179,243)	(12,323,931)
Investing Activities:					
Incorporation costs	--	--	--	--	(665)
Purchase of equipment	(14,622)	(6,310)	(14,622)	(22,594)	(344,305)
Proceeds from sale of equipment	--	--	--	--	15,040
Proceeds from sale of property	--	--	--	--	898,241
Mineral properties and deferred exploration	(319,032)	(398,342)	(3,086,766)	(2,394,266)	(22,376,384)
Investment in Minera Santa Cruz	(5,131,612)	(2,760,279)	(11,714,344)	(10,449,695)	(43,279,973)
Proceeds from sale of subsidiaries	--	--	--	--	9,398
Acquisition of royalty interest	--	--	--	--	(500,000)
Mineral property option proceeds	--	--	--	--	2,778,901
Cash used in investing activities	(5,465,266)	(3,164,931)	(14,815,732)	(12,866,555)	(62,799,747)

MINERA ANDES INC.
"An Exploration Stage Corporation"
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(U.S. Dollars - Unaudited)

	Three Months Ended		Nine Months Ended		Period from July 1, 1994 (inception) Through September 30, 2007)
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	
Financing Activities:					
Shares and subscriptions issued for cash, less issue costs	7,941	486,425	7,675,947	19,090,326	69,299,118
Bank loan proceeds received	--	--	7,500,000	--	11,500,000
Repayment of bank loan	--	--	--	(2,000,000)	(4,000,000)
Bank loan interest payable	2,318	(22,642)	40,443	(75,105)	(43,621)
Project loan receivable	(1,960,000)	--	(22,050,000)	--	(31,850,000)
Project loan payable	1,960,000	--	22,050,000	--	31,850,000
Cash provided by financing activities	10,259	463,783	15,216,390	17,015,221	76,755,497
Increase in cash and cash equivalents	(5,894,546)	(3,145,143)	(612,802)	2,969,423	1,631,819
Cash and cash equivalents, beginning of period	7,526,365	9,429,125	2,244,621	3,314,559	--
Cash and cash equivalents, end of period	$ 1,631,819	$ 6,283,982	$ 1,631,819	$ 6,283,982	$ 1,631,819
Supplementary disclosure cash flow information:					
Capitalized interest paid	$ 140,363	$ (37,384)	$ 277,800	$ (127,285)	$ 598,785
Non-cash investing and financing activities and other information:					
Stock option compensation (Note 4)	$ --	$ 8,975	$ --	$ 68,247	$ 6,517,888
Capitalized accreted interest expense (Note 3)	$ 198,788	$ 45,855	$ 391,161	$ 324,407	$ 1,193,534
Depreciation capitalized to mineral properties	$ 7,156	$ 7,741	$ 20,310	$ 19,175	$ 279,038
Asset retirement obligation	$ --	$ --	$ --	$ --	$ 45,000
Accrual for finance costs related to MSC	$ --	$ 22,315	$ --	$ 394,233	$ 394,233
Adjustment for change in accounting for stock-based compensation	$ --	$ --	$ --	$ --	$ 678,569
Deferred costs, acquired	$ --	$ --	$ --	$ --	$ 576,139
Deferred costs, contributed to MSC	$ --	$ --	$ --	$ --	$ 2,320,980
Shares issued for acquisition	$ --	$ --	$ --	$ --	$ 575,537

The accompanying notes are an integral part of these consolidated financial statements.

MINERA ANDES INC.
“An Exploration Stage Corporation”
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. Dollars - Unaudited)

1. ACCOUNTING POLICIES, FINANCIAL CONDITION AND LIQUIDITY

The accompanying consolidated financial statements of Minera Andes Inc. for the three-month and nine-month period ended September 30, 2007 and 2006 and for the cumulative period from inception (July 1, 1994) through September 30, 2007 have been prepared in accordance with accounting principles generally accepted in Canada. Also, they are unaudited and have not been reviewed by the Company’s auditors but, in the opinion of management, include all adjustments, consisting only of normal recurring items, necessary for a fair presentation. Interim results are not necessarily indicative of results which may be achieved in the future. The December 31, 2006 financial information has been derived from our audited consolidated financial statements.

These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2006 on file with SEDAR at www.sedar.com and included in our annual report on Form 40-F (“the 2006 40-F”) for the year ended December 31, 2006 on file with the Securities and Exchange Commission at www.sec.gov . The accounting policies set forth in the audited annual consolidated financial statements are the same as the accounting policies utilized in the preparation of these consolidated financial statements, except as modified for appropriate interim presentation.

The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability to obtain necessary financing to complete their development, and future profitable production or disposition thereof. The accompanying consolidated financial statements have been prepared using accounting principles generally accepted in Canada applicable to a going concern. The use of such principles may not be appropriate because, as of September 30, 2007, there was some doubt that we would be able to continue as a going concern.

For the nine months ended September 30, 2007, we had a deficit accumulated during exploration stage of approximately $36.6 million. In addition, due to the nature of the mining business, the acquisition, exploration and development of mineral properties require significant expenditures prior to the commencement of production. To date, we have financed our activities through the issuance of equity securities, debt financing, and joint venture arrangements. We expect to use similar financing techniques in the future and are actively pursuing such additional sources of financing.

Although there is no assurance that we will be successful in these actions, management believes that it will be able to secure the necessary financing to enable the Company to continue as a going concern. Accordingly, these financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported revenues and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

Although we have taken steps to verify title to mineral properties in which we have an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

Effective January 1, 2007, the Company prospectively adopted the Canadian Institute of Chartered Accountant’s (“CICA”) Handbook Section 3855, Financial Instruments- Recognition and Measurement; Section 1530, Comprehensive Income; Section 3865, Hedges and Section 3861, Financial Instruments- Disclosure and Presentation. The CICA Handbook section 3865 Hedges is effective January 1, 2007, however, the Company has no hedges in place at this time. These new Handbook sections provide comprehensive requirements for the recognition and measurement of financial instruments, and introduce a new component of equity referred to as accumulated other comprehensive income (“AOCI”). Under these new standards, all financial instruments, including derivatives, are recognized on the Company’s Consolidated Balance Sheet. Derivatives are measured at fair value with unrealized gains and losses reported in net income. Short-term investments are measured at fair value with unrealized gains and losses reported in AOCI. The Company’s other financial instruments (accounts receivable, accounts payable and accrued liabilities, and bank debt) are measured at fair value. No adjustments to the Company's consolidated financial statements were required upon transition to the new financial instruments framework.

2. MINERAL PROPERTIES, DEFERRED EXPLORATION COSTS AND INVESTMENT IN MINERA SANTA CRUZ

At September 30, 2007, we, through our subsidiaries and investment, hold interests in a total of approximately 410,000 acres (166,130 hectares ("ha")) of mineral rights and mining lands in three Argentine provinces. Under our present acquisition and exploration programs, we are continually acquiring additional mineral property interests and exploring and evaluating our properties. If, after evaluation, a property does not meet our requirements, then the property and deferred exploration costs are written off to operations. All properties in Argentina are subject to royalty agreements as disclosed in Note 5. Mineral property costs and deferred exploration costs, net of mineral property option proceeds, are as follows:

2007 COSTS BY PROPERTY

Description	San Juan Cateos	Santa Cruz Cateos	Chubut Cateos	General Exploration	Total
Balance, beginning of year	$ 3,118,093	$ 2,234,259	$ 252,796	$ --	$ 5,605,148
Assays and analytical	50,362	6,870	--	--	57,232
Construction and trenching	70,723	40,581	--	--	111,304
Consulting fees	933	10,043	2,563	96,842	110,381
Depreciation	--	--	--	20,310	20,310
Drilling	840,969	195,037	--	--	1,036,006
Equipment Rental	375,082	58,683	--	83	433,848
Geology	427,537	112,216	2,130	23,270	565,153
Insurance	--	--	--	3,038	3,038
Legal	1,120	--	--	130,167	131,287
Maintenance	5,003	1,180	--	9,768	15,951
Materials and supplies	89,060	18,127	--	15,534	122,721
Project overhead	30,524	6,256	102	100,293	137,175
Property and mineral rights	9,995	24,583	334	--	34,912
Telephone	3,030	12,022	--	16,239	31,291
Travel	180,453	20,164	--	41,337	241,954
Wages and benefits	9,097	4,547	--	40,869	54,513
Overhead allocation	330,950	164,915	1,885	(497,750)	--
Write-off of deferred costs	--	(16,774)	--	--	(16,774)
Balance, end of period	**$ 5,542,931**	**$ 2,892,709**	**$ 259,810**	**$ --**	**$ 8,695,450**

a. San Juan Project

The San Juan Province project comprises seven properties (September 30, 2006 – five properties) totaling 35,856 ha (September 30, 2006 – 24,318 ha) in southwestern San Juan province. At present, these lands are not subject to a royalty; however, the government of San Juan has not waived its rights to retain up to a 3% "mouth of mine" royalty from production. Expenditures in 2007 and 2006 were primarily for an on-going exploration program at the Los Azules project. Land holding costs for 2007 are estimated at $2,400.

In November 2007, a definitive Option Agreement has been executed by Minera Andes and Xstrata Copper on the Los Azules project. The Option Agreement consolidates into one package adjoining properties that straddle a large copper porphyry system. Xstrata Copper is one of the commodity business units within Xstrata plc (see Subsequent Events Note 8 for detailed description).

b. Chubut Projects

We hold 1 (September 30, 2006 – 13) manifestation of discovery in the Precordilleran region of Chubut, totaling 1,480 ha (September 30, 2006 – 10,380 ha). Expenditures in 2007 and 2006 relate primarily to land maintenance costs. Land holding costs for 2007 are estimated to be less than $1,000.

c. Santa Cruz Projects

We currently control 15 (September 30, 2006 – 15) cateos and 23 (September 30, 2006 – 40) manifestations of discovery totaling 88,295 ha (September 30, 2006 – 102,789 ha) in the Santa Cruz province. Land holding costs for 2007 are estimated at $2,000. We have been actively exploring in the region since 1997. The properties have been acquired on the basis of geologic and geochemical reconnaissance. Geologic evaluation of these targets is ongoing.

d. Investment in Minera Santa Cruz – the San José Project

The investment in Minera Santa Cruz S.A. ("MSC") is comprised of the following:

Investment in MSC, beginning of year	$ 30,963,692
Plus:	
Deferred costs incurred	1,325,505
Advances during the period	10,780,000
Loss from equity investment	(1,249,885)
Investment in MSC, end of period	$ 41,819,312

The San José project area covers approximately 50,491 ha and is comprised of 46 contiguous mining claims ("Minas" and "Manifestations of Discovery") totaling approximately 40,498.69 ha and one exploration claim ("Cateo") totaling 9,992.5 ha. The mining claims include 8 Minas (7,550 ha) and 38 Manifestations of Discovery (32,948.69 ha) located in the western half of the province of Santa Cruz The project is held by Minera Santa Cruz S.A. ("MSC"), an Argentine corporation co-owned by Minera Andes (49%) and the project operator, a subsidiary of Hochschild Mining plc ("Hochschild") (51%). Our obligation will be 49% of the exploration costs related to the San José project to maintain our interest in MSC. Any production from these lands may be subject to a provincial royalty. Holding costs for 2007 are estimated to be $150,000.

During 2006, the project loan previously announced on July 25, 2005 with Standard Bank Plc. and Bayerische Hypo-und Vereinsbank AG to fund the San José project was terminated and a new facility was structured with Macquarie Bank Limited ("Macquarie") in February 2006. Minera Andes agreed to pay break fees of $572,000 of which $200,000 had been paid and the balance accrued as at September 30, 2007.

In October 2006, Minera Andes signed a letter of intent to provide project financing with an affiliate of Hochschild and to terminate the Macquarie project financing offered in February 2006 and the $20 million Macquarie bridge loan offered in August 2006. This letter of intent was subject to a successful public offering by Hochschild. Hochschild agreed to pay the break fees and other costs related to the Macquarie financing. In November 2006, Hochschild successfully completed a public offering on the London Stock Exchange.

The Hochschild financing includes a binding $20 million bridge loan with MSC, which will be replaced as soon as reasonably practical, with a permanent financing of $65 million or such higher amount as agreed to by Minera Andes and Hochschild. The original amount of the financing for $55 million was increased to $65 million. The project financing will be made substantially on the same terms as the Macquarie financing except that:

(a) MSC will not be required to hedge any of its production.

(b) The project financing will be unsecured, except for a security interest in certain collection and escrow accounts and the funds deposited and the rights to the funds deposited. The shareholders of MSC will not be required to pledge their shares in MSC as security for the loans to MSC.

(c) Events of default will basically be limited to events outside the control of Hochschild and MSC.

(d) Future project expansions will be financed from cash flow from the project.

Under terms of the financing, a subsidiary of Hochschild lends 51% of the bridge loan and permanent financing directly to MSC and 49% of the loan is lent to Minera Andes which in turn lends the funds to MSC. The interest rate of the bridge loan is LIBOR plus 2.5%. Although agreed in principle by both parties, the final documentation for the permanent financing has not been completed, but the terms include, amongst other items, an interest rate of LIBOR plus 2.85% and a minimum term of three years. Repayment of the loan payable is contingent on the operating cash flows of MSC.

As at December 31, 2006, the $20 million bridge loan had been lent to MSC. The Company's 49% share of the $20 million bridge loan was $9.8 million.

As at September 30, 2007, the $20 million bridge loan plus $45 million in advances on the permanent financing, a total of $65 million, had been lent to the project. The Company's 49% share of the project loan was $31.8 million.

3. BANK LOAN

In December 2004, we secured a two-year loan facility of up to $4 million from Macquarie. All amounts advanced were due in December 2006. This facility was provided in two tranches to fund our 49% portion of the costs of completing a bankable feasibility study and related development work for the San José project.

The commercial terms of the first two tranches of the loan include a facility fee of 1.5% of the principal amount of each tranche at the time of the advance and interest of LIBOR plus 2% per year, or totaling approximately 7.4% per year. In addition, as further explained below, we issued share purchase warrants for each tranche. The warrants exercise price was calculated at a 20% premium to the volume weighted average of our common stock determined from the ten business days prior to acceptance of the loan facility. Each warrant was exercisable for two years.

The loan is collateralized by our interest in MASA, our 49% interest in MSC, and personal property.

We received $1,000,000 of the first tranche in December 2004 and the remaining $1,000,000 of the first tranche in February 2005. In connection with the first tranche, we issued share purchase warrants to acquire 2,738,700 of our common stock at an exercise price of Cdn$0.91 per share. The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield – Nil; risk free interest rate – 3.53%; expected volatility of 62% and an expected life of 24 months. The difference between the allocated fair value and the face value of the debt of $346,200 was initially recorded as a debt discount with a corresponding entry to contributed surplus. The debt discount is being accreted to interest expense and capitalized to the Investment in MSC over the term of the debt using the effective interest rate method. No amount of the discount was accreted in 2004 since the debt agreement only became effective in December 2004. The accretion of the debt discount began in January 2005.

In July 2005, we received the second tranche of $2,000,000. For the second tranche, we issued share purchase warrants to acquire 3,987,742 of our Common Shares at an exercise price of Cdn$0.62 per share. The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield – Nil; risk free interest rate – 3.99%; expected volatility of 55.8% and an expected life of 24 months. The difference between the allocated fair value and the face value of the debt of $263,800 was initially recorded as a debt discount with a corresponding entry to contributed surplus. Total debt discount for both tranches was $610,000.

In March 2006, Macquarie exercised its warrants from the second tranche to acquire 3,987,742 of our Common Shares at an exercise price of Cdn$0.62 per share for proceeds of Cdn$2,472,400 ($ 2,060,333). We used part of the proceeds to repay principal and interest outstanding in the amount of $2,000,000 and $18,926, respectively, related to the second tranche.

In December 2006, Macquarie exercised its warrants from the first tranche to acquire 2,738,700 of our Common Shares at an exercise price of Cdn$0.91 per share for proceeds of Cdn$2,492,217 ($ 2,171,299). We used part of the proceeds to repay the principal balance of the loan and interest outstanding in the amounts of $2,000,000 and $9,021, respectively, related to the first tranche.

In March 2007, we received a third tranche of $7,500,000 from Macquarie of which $5,880,000 was for the development of the San José project and $1,620,000 was for general purposes. The commercial terms of this debt include a facility fee of 1.5% of the principal amount, interest of LIBOR plus 2% p.a., currently totaling approximately 7.36% p.a., and a two-year loan term. In addition, Minera Andes provided share purchase warrants to acquire 4,227,669 Common Shares of Minera Andes at an exercise price of Cdn$2.06 per share. The warrant exercise price was calculated at a 25% premium to the volume weighted average of Minera Andes' common stock determined from the twenty business days prior to February 21, 2007. Each warrant is to be exercisable for two years. The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield – Nil; risk free interest rate – 3.87%; expected volatility of 59.18% and an expected life of 24 months. The difference between the allocated fair value and the face value of the debt of $1,731,100 was initially recorded as a debt discount with a corresponding entry to contributed surplus. A success fee of $75,000, being 1% of the principal amount of the facility, was paid to Xystus Limited for assisting with the structuring and negotiation of the loan facility.

The remaining bank loan and debt discount related to the third tranche are summarized as follows:

	Face Amount	Discount	Carrying Value
Bank loan, third tranche, beginning balance at March 7, 2007	$ 7,500,000	$ 1,731,100	$ 5,768,900
Accretion of debt discount	--	(391,161)	391,161

	Face Amount	Discount	Carrying Value
Repayment of bank loan	--	--	--
Bank loan, third tranche at September 30, 2007	$ 7,500,000	$ 1,339,939	$ 6,160,061

Interest expense incurred for the nine months ended September 30, 2007 of $318,243 (September 30, 2006 - $127,285 relating to the first and second tranche), and accreted interest expense related to the debt discount of $391,161 (September 30, 2006 – $324,407 relating to the first and second tranche) were capitalized to the Investment in MSC (Note 2 (d)) using the effective interest rate method.

As at September 30, 2007, the Company was in compliance with the loan documents.

4. SHARE CAPITAL

a. Authorized

We have authorized capital of an unlimited number of Common Shares, with no par value, and an unlimited number of preferred shares, with no par value.

b. Changes to Share Capital

	Number of Shares	**Amount**
Balance, January 1, 2007	156,539,415	$ 63,642,152
Issued for cash on exercise of stock options	1,305,000	588,053
Issued for cash on exercise of warrants	8,873,102	7,087,894
Balance, September 30, 2007	166,717,517	$ 71,318,099

In February 2007, the shareholders approved a warrant exercise incentive program. The Company received gross proceeds of $3.3 million (Cdn$3.9 million) through the early exercise of 6,006,758 warrants, under the incentive program for the early exercise of three series of common share purchase warrants of the Company.

The early exercise incentive program pertained to three private placements listed in the table below. Notices regarding the early exercise incentive were delivered to holders of the affected private placements advising the holders of the incentive exercise program. None of the holders were employees of the Company. Holders of these warrants had until March 19, 2007 to exercise their warrants to receive the incentive. The following table sets forth the number of warrants exercised pursuant to the early incentive program, the funds received and the number of warrants still outstanding:

Warrant price (Cdn$)	Expiry date	Number of warrants exercised	Value of warrants exercised under incentive program (Cdn$)	Number of warrants still outstanding after early exercise
0.50	11/13/2008	851,500	$ 425,750	878,725
0.55	12/1/2007	935,714	514,643	--
0.70	3/22/2010	4,219,544	2,953,680	2,012,409
Total		6,006,758	$ 3,894,073	2,891,134

Under the incentive program, a total of 600,673 New Warrants were issued to those warrant holders taking part in the early exercise incentive. Each New Warrant entitles the holder to acquire a common share of the Company at the price of Cdn$1.75 per share until September 19, 2008. The New Warrants and common shares issuable upon exercise of the New Warrants will be subject to a four-month and one-day hold period. The fair value of the New Warrants, as at March 19, 2007, was calculated to be $293,379 using the Black-Scholes option pricing model with the following assumptions: dividend yield – Nil; risk free interest rate – 3.97%; expected volatility of 62.99% and an expected life of 18 months. The fair value of the warrants was recorded as an increase to accumulated deficit with a corresponding increase to contributed surplus.

For those warrant holders who did not take part in the early exercise incentive program, the existing warrants held will continue to be exercisable for common shares under the original terms of the private placement. However, the holder is not entitled to receive any new incentive warrants.

c. Stock Options

At September 30, 2007, 1,198,643 options were available for grant under the Company's stock option plan.

A summary of the status of the Company's stock option plan as of September 30, 2007 is:

	Options	Weighted Average Exercise Price (Cdn)
Outstanding at January 1, 2007	11,615,000	$1.03
Granted	250,000	$1.73
Exercised	(1,305,000)	$0.50
Outstanding and Exercisable at September 30, 2007	10,560,000	$1.11

At September 30, 2007 there were options held by directors, officers, employees and non-employees for the purchase of our Common Shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,030,000	Cdn$0.59	December 5, 2008
1,055,000	Cdn$0.55	September 10, 2009
50,000	Cdn$0.61	December 14, 2009
1,885,000	Cdn$0.60	December 28, 2010
5,825,000	Cdn$1.51	December 27, 2011
250,000	Cdn$1.73	September 4, 2012
465,000	Cdn$0.31	March 21, 2013
10,560,000		

250,000 options were granted during the nine-month period ended September 30, 2007, of which 62,500 options will vest every six months from the September 4, 2007 grant date to September 4, 2009. In connection with the vesting of certain non-employees, employees and directors stock options, we have recorded stock option compensation of $10,000 and $68,247 to consulting fees during the nine months ended September 30, 2007 and 2006, respectively.

d. Warrants

	Warrants	Weighted Average Exercise Price (Cdn)
Outstanding and exercisable, January 1, 2007	11,367,892	$0.85
Issued	4,828,342	$2.02
Exercised	(8,873,102)	$0.91
Outstanding and exercisable, September 30, 2007	7,323,132	$1.55

The range of exercise prices on outstanding warrants is Cdn$0.50 to Cdn$2.06 with a weighted average contractual life of 1.86 years at September 30, 2007.

5. AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Mineral rights in Argentina are owned by the federal government and administered by the provinces. The provinces can levy a maximum 3% "mouth of mine" (gross proceeds) royalty. The provinces of Mendoza and Neuquén have waived their right to a royalty. The provinces of Río Negro, San Juan, Santa Clara and Chubut have not yet established a policy regarding the royalty.

b. We rent office space in Spokane, Washington for $2,150 per month with a commitment through December 2007, with option to renew for $2,150 per month through June 2009.

c. We rent office space in Vancouver, British Columbia, Canada for Cdn$900 per month, without a commitment.

d. We rent office space in Argentina for $1,089 per month with a commitment through August 2008.

e. We rent storage space in Argentina for $2,700 per month consisting of one $1,500 per month commitment through June 2010 and another $1,200 per month commitment through December 2009.

f. On December 2, 2003, we signed an agreement that obligated us to pay N.A. Degerstrom a royalty of $250,000 if any of the current properties, other than the properties comprising the San José project, meet certain conditions such as bankable feasibility or commercial production prior to December 2, 2013.

6. RELATED PARTY TRANSACTIONS

During the three-month and nine-month periods ended September 30, 2007 we incurred legal fees to a firm in which a director and officer was an associate totaling $16,017 and $45,489 accordingly (three-month and nine-month periods ended September 30, 2006 – $13,397 and $42,399 accordingly). This transaction was in the normal course of operations and was measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. COMPARATIVE FIGURES

Certain financial statement line items from prior periods have been reclassified to conform with the current period's presentation. These reclassifications had no effect on the net loss and accumulated deficit as previously reported.

8. SUBSEQUENT EVENTS

a. Loan from Macquarie Bank Limited

In October 2007 Minera Andes received a loan facility from Macquarie Bank Limited ("Macquarie Bank", Australian Stock Exchange, ASX: MBL) of US$10 million. The main purpose of the facility was to provide additional funding to Minera Andes for its 49% portion of the costs of the exploration, sustaining capital, cost overruns and expansion related costs of the MSC project that entered its production commissioning phase in the third quarter of 2007.

The debt financing was primarily for Minera Andes' 49% share of the October cash call from MSC of $17.4 million for costs of mine construction, expansion of the exploration program which includes drilling new targets, expanding the reserves and resources, and for general working capital. In October 2007 Minera Andes sent funds of $8.53 million to MSC to fund its 49% portion of the cash call.

The commercial terms of the loan include a facility fee of 1.75% of the principal amount of the loan and interest of LIBOR plus 2.75% p.a., currently totaling approximately 7.79% p.a. and matures on September 30, 2009. In addition, Minera Andes has issued share purchase warrants to acquire 4,066,390 Common Shares of Minera Andes at an exercise price of Cdn$2.41 per share. The warrant exercise price was calculated at a 20 percent premium to the volume weighted average of Minera Andes' common stock determined from the ten business days prior to October 22, 2007. The warrants issued are exercisable until September 30, 2009 the same term as the loan. The warrants and the underlying common shares will have a hold period until February 25, 2008. A success fee of $100,000, being one percent of the principal amount of the facility, is payable to Xystus Limited for assisting with the structuring and negotiation of the loan facility.

b. Cash Call from MSC

On November 5, 2007, the board of MSC approved project capital increases of $42.5 million. These costs are related to the fact that the processing facility at San José is taking longer than anticipated to reach commercialization requiring $34.1 million in funds to replace the deficit in the planned operating cash flow and capital costs have increased by $9.2 million due primarily to plant construction and the processing plant. To fund these costs, On November 5, 2007 Minera Andes received an MSC cash call and its portion is $15.93 million due on January 5, 2008. An additional $4.9 million may be due by Minera Andes if local debt financing for MSC is not available.

Our covenants with Macquarie Bank Limited require us to have 100% of the cash calls made by MSC and not yet paid plus three months budgeted expenditures. On November 5, 2007, we did not meet this covenant but we are presently working to rectify this situation.

c. Option Agreement on Los Azules

Minera Andes and its subsidiary company Minera Andes S.A. ("MASA") and Xstrata Copper have contributed their respective properties into the Option Agreement. Under the Option Agreement, MASA has the right to earn a 100% interest in Xstrata Copper's property by spending at least US$1.0 million on the property by November 2010, making payments to keep the property in good standing and producing a preliminary economic assessment (to NI 43-101 standards). If in the opinion of Xstrata Copper, the preliminary assessment shows the potential to economically produce 100,000 tonnes (200 million pounds) of contained copper per year for 10 years or more then Xstrata Copper will have a right to earn a 51% interest in the combined properties ("the Back-in Right"). To satisfy the conditions of the Back-in Right, Xstrata Copper must assume control and responsibility for the combined properties, make a cash payment to Minera Andes of three times MASA's expenditures incurred on the combined properties after the 25th of November 2005 and complete a bankable feasibility study within five years of its election to exercise the Back-in Right. In the event that the preliminary assessment does not, in Xstrata Copper's opinion, meet the criterion contemplated above, Xstrata Copper's interest would be limited to a right of first refusal on a sale of the combined properties, or any part thereof. All lands that make up the combined properties' mineral applications are subject to a provincial mouth of mine royalty of between zero and 3%. This royalty will be negotiated with the province of San Juan as the project advances.

If Xstrata Copper advises MASA of its intention to exercise Xstrata Copper's Back-in Right for a 51% interest, Minera Andes will be required to form a new Argentinean operating company and transfer the combined properties to the operating company. Following the completion of its Back-in Right, Xstrata Copper will also be required to use commercially reasonable efforts to obtain project financing for the development of a mine as contemplated by the bankable feasibility study. If the project financing arrangements are accepted by MASA and such financing completes, Xstrata Copper will earn an additional 4% interest in the project, thereby reducing MASA's interest from 49% to 45%. If project financing is not available or not accepted by MASA, the project may proceed without third party financing.

MASA and Xstrata Copper are to use good faith efforts to negotiate and execute a shareholders' agreement governing the operating company after the date that Xstrata Copper notifies MASA of its intention to exercise the Back-in Right. The activities that may be undertaken by the operating company while Xstrata Copper is completing its back-in and thereafter, until a shareholders agreement is signed, will be limited to those activities necessary to deliver the Bankable Feasibility Study. From the date that Xstrata Copper satisfies the conditions of the Back-in Right up until the date on which a shareholders agreement is signed, each of MASA and Xstrata Copper will have a right of first refusal over any bona fide offer received by the other party from a third party purchaser (other than an affiliate) to purchase any of its interest, directly or indirectly, in the project.

The obligation of Xstrata Copper to seek project financing and the limitations placed on the operating company will cease if MASA transfers, directly or indirectly, its interest in the project (other than to an affiliate) or in the event of a change of control of MASA, regardless of whether MASA and Xstrata Copper have entered into a shareholders agreement.

The obligations of MASA under the Option Agreement are guaranteed by Minera Andes and the obligations of Xstrata Copper are guaranteed by Xstrata Queensland Limited. Minera Andes is prohibited from entering into certain transaction resulting in its disposing its interest in the project or certain portion of its interest in Minera Santa Cruz S.A., unless the acquirer assumes Minera Andes' guarantee obligations under the Option Agreement.