MINERA ANDES INC /WA
Form 6-K
November 14, 2008

Securities and Exchange Commission

Washington, D.C. 20549

Form 6-K

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, 2008

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 x

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 x

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 regulation, and market risks are described in the Management s Discussion and Analysis.

EXHIBIT INDEX

The following documents are incorporated by reference in this report on Form 6-K:

Exhibit	**Description**
99.1	Management s Discussion and Analysis
99.2	Interim Consolidated Financial Statements
99.3	President and Chairman s Certification of Interim Filings
99.4	Chief Financial Officer s Certification of Interim Filings
99.5	Letter to Shareholders

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 Chairman

Dated: November 14, 2008

Exhibit 99.1

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

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 10, 2008 and should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2007 and the unaudited consolidated interim financial statements and notes thereto for the period ended September 30, 2008, which have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada. Differences from U.S. GAAP are described in Note 13 to the audited consolidated financial statements for the year ended December 31, 2007. 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, 2007 on the SEC s EDGAR system at www.sec.gov. The accompanying unaudited interim consolidated financial statements of Minera Andes Inc. (the Company) for the quarter and nine month periods ended September 30, 2008 have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. These statements 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 the Annual Information Form for the year ended December 31, 2007 prepared as at March 26, 2008 available on SEDAR at www.sedar.com and included in the Company s Form 40-F for the year ended December 31, 2007 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 304,221 acres (123,133 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 at which commercial production was declared following December 31, 2007. 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.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

Through our subsidiaries and joint ventures we own a 49% equity interest in Minera Santa Cruz S.A. (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 and approached full production by year-end. Commercial production was declared on January 1, 2008 and as of the first quarter 2008 Minera Andes is no longer considered an exploration stage company.

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.

Third Quarter 2008 Update

San José Mine

Third quarter 2008 mine production and mill throughput at the San José mine increased 11.5% compared to the previous quarter, but silver production was 9.4% lower and gold production was 0.6% lower than the previous quarter due to lower head grades. Silver production was 990,000 ounces in the third quarter, compared to 1,093,000 ounces in the second quarter. Third quarter silver production is running closer to the average grade of the reserves in the original mine plan versus last quarter, which was running 33% above the average grade of the reserves. During the life of the mine it is anticipated the gold and silver production will be in line with the mine plan and the reserve. Gold production in the third quarter was 12,340 ounces, compared to 12,410 ounces in the second quarter. Using the Q3 2008 average London PM fix for gold and the London fix for silver, approximately 58% of the value of the third quarter production was derived from silver and 42% was derived from gold. The proportions in the second quarter of 2008 were 63% for silver and 37% for gold, and the differences are due mainly to relative variations in the silver and gold prices. The mine is currently staffed with 724 employees.

Gross proceeds from sales of silver and gold in the third quarter 2008 totaled $18.5 million versus $63.2 million for the second quarter. Third quarter 2008 sales of gold and silver were lower than Q2 for three reasons: 1) the average realized market prices in Q3 2008 were less than in Q2 2008; 2) there was a buildup of work in process inventory during Q3 as a result of mechanical problems with the doré furnace at site, which have now been resolved; 3) Q2 revenue included the sale of product inventory accumulated during the previous three quarters. Product inventories at the end of Q3 2008 consisted of 8,032 kilograms of high-grade precipitate from the Gekko electrowinning circuit in the mill, 2,470 kilograms of silver-gold doré bullion, and 135 metric tons of silver-gold concentrate. These inventories contained 4,613 ounces of Au and 331,526 ounces of Ag. The entire precipitate inventory is forecast to be processed on site into doré bullion and sold in Q4 of 2008. The average weighted sales price for gold sold in the third quarter was $861 per ounce, a decline of 4.5% compared to the average price of $901 per ounce received in the second quarter, and $12.37 per ounce of silver, a decline of 25% compared to the average price of $16.46 per ounce received in the second quarter. Total metal sales for the mine since start-up have been $92.9 million.

For the third quarter, production cash operating costs were US$12.7 million. Cash operating costs include the sum of the geology, mining, processing plant, general and administration and royalty costs. Refining and treatment charges and sales costs are applied to doré but concentrate sales do not include refining, treatment charges and sales costs. Depreciation is not included in the cash operating costs. On a co-product basis the third quarter average cash operating costs were $431 per ounce of gold and $7.43 per ounce of silver. Co-product cash costs are calculated by dividing the respective proportionate share of the total costs for the period by the ounces of each respective metal produced.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

Minera Andes has an attributed portion (49 %) of third quarter net loss of approximately $1.7 million. For the 9-month period January-September, Minera Andes attributed portion of net income is approximately $ 9.2 million (see table below).

Summary of MSC s financial information from operations:

	Three Months Ended	**Nine Months Ended**
	September 30, 2008	
Sales	$ 18,526,942	$ 91,680,642
Net income (loss) - MSC	$ (3,378,295)	$ 18,717,532
Minera Andes Inc. portion - 49%	$ (1,655,364)	$ 9,171,591

In October 2008, the first phase of the expansion program to increase the mining and processing capacity from 750 metric ton per day to 1,500 metric ton per day was completed. Mine production will ramp up to full capacity over the next few months. Currently, approximately 40% of the ore fed to the expanded plant is being processed to produce doré bars and approximately 60% is being processed to produce concentrates. Phase II of the expansion involves connecting to the regional electrical grid, which is forecast to be completed in Q1 2009. Meanwhile, there is sufficient diesel generating capacity at the mine to run the mill at its full capacity. Phase III of the expansion program involves further expansion of the refining circuit so that all of the concentrate can be converted to doré. This phase, which is forecast to be completed by mid-2009, will reduce working capital requirements, marketing costs and result in lower production taxes. At September 30, 2008 Minera Andes s total investment in MSC is approximately $74 million.

MSC has a 2008 exploration program at San José consisting of mapping, compilation and interpretation of all project data on a district scale (115 km2) to identify new targets. A large part of the exploration program has focused on drilling along the Odin, Ayelén and Frea veins at San José through July 31, 2008. Infill and step-out drilling on these veins indicates significant potential to further increase the current reserves/resources on the property. One of the highest-grade intercepts from this drilling campaign was in hole SJD-462 and encountered 63.63 grams per tonne g/t (2.05 ounces per ton opt) gold and 1,158 g/t (37 opt) silver over 1.94 meters. In addition, bonanza silver grades were intersected in hole SJD-477 where 4,945 g/t (159 opt) of silver over 0.30 meters was intersected.

Through July 31, 2008, approximately 7,980 meters of drilling in 35 core holes was completed as part of a planned 21,260 meter drilling program focused on three veins at San José. The drilling focused on the Frea, Odin, and Ayelén veins that contain high-grade gold/silver mineralization discovered in late 2005 through reconnaissance drilling of blind geophysical targets. A new NI 43-101 technical report is underway to update the reserves and resources at San José. The last technical report on San José dated October 2007 indicates reserves at San Jose increased by over 100 percent from the November 2005 technical report based largely on the results of 29,000 meters of additional drilling that occurred in the time period between the two reports. The current technical report being prepared will include approximately 30,000 meters of new drilling that occurred between July of 2007 and present. Minera Andes anticipates this work may further expand the current reserves and resources based on a track record of success in converting drilling to new reserves and resources in previous drilling campaigns at San José. In addition, MSC will complete another 13,280 meters of drilling to finish the current exploration program in progress.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

Los Azules Project

In September 2008 we announced results of an independent resource estimate at the Los Azules Copper deposit located in western San Juan province, Argentina based on the 2007-2008 exploration drilling program on the property. The Inferred Mineral Resource, at 0.35% total copper (CuT) cut-off, is defined by an area approximately 3.7 km by 1 km in size and contains a high-grade near surface copper core in the north. This resource estimate will form the basis of an economic scoping study (NI-43-101 Preliminary Assessment) planned for completion at yearend. In addition, the mineralized copper target remains open to the north and at depth. At a 0.35% total copper cut-off, the Inferred Resource at Los Azules is 922 million tonnes grading 0.55% copper, containing 11.2 billion pounds of copper. A technical report in support of a resource estimate for Minera Andes Los Azules copper project in Argentina has been filed in accordance with National Instrument 43-101 and is available at www.sedar.com.

Also, a preliminary metallurgical testing program announced in September 2008 indicates that standard reagents and flotation methods can be used at Los Azules to produce a high-quality marketable concentrate. Copper recoveries over 92% and copper concentrate grades over 30% copper indicate that flotation concentration would be the preferred process for all ore types, which are of medium hardness for grinding. Gold and silver grades are also sufficient to contribute payable precious metals to the concentrate.

The final results from core holes drilled during the 2007-2008 exploration field season at the Los Azules porphyry copper project confirm that the copper target is open to the north. Several positive indicators including hole AZ-08-37A drilled at the northern limit of last season s drilling program, geologic mapping, and historic drilling indicate that the copper target at Los Azules extends another 3 kilometers to the north of the drilling completed during the previous field season. A total of 5,438.34 meters were drilled at Los Azules in 15 vertical core holes during the 2007-2008 field season. These holes constitute the 5,000 meter, Stage I of the exploration program. Four of the 15 holes did not reach target depth due to difficult drilling conditions. Hole AZ-07-30 encountered 113 meters of 1.04 % copper within a larger zone of 200.8 meters of 0.89 % copper. The best intercept from the 2007-2008 season s drilling is from hole AZ-08-33 which encountered 132 meters of 1.11 % copper within a larger zone of 250 meters of 0.92 % copper containing mixed primary sulfides and secondary copper mineralization. The best intercept of primary copper mineralization drilled during the 2007-2008 season is from hole AZ-08-37A, which encountered 112 meters of 0.98 % copper within a larger zone of 217 meters of 0.77 % copper. This hole represents the largest interval of primary copper mineralization identified on the property to date, and it extends the known mineralization an additional 400 m to the north of the recent drilling and is the deepest hole drilled to date on the property by Minera Andes, further confirming that the limits of the copper system have not been defined.

Non-GAAP Financial Measures: In this update, we use the term operating or production cash cost. The production cash costs are calculated on a co-product basis and are calculated by dividing the respective proportionate share of the total costs for the period attributable to each metal by the ounces of each respective metal produced. The total costs are the sum of the geology, mining, processing plant, general and administration costs divided by the number of ounces of gold and silver produced at the mine. Production cash costs include royalties, refining and treatment charges and sales costs applied to doré but the concentrate sales do not include refining, treatment charges and sales costs. Depreciation is not included in the production cash costs. We use production cash cost per ounce as an operating indicator. We provide this measure to our investors to allow them to also monitor operational efficiencies of our mine at San José. Production cash cost per ounce should be considered as Non-GAAP Financial Measures and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. There are material *limitations associated with the use of such Non-GAAP measures. Since these measures do not incorporate revenues, changes in working capital and non-operating cash costs, they are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP. Changes in numerous factors including, but not limited to, mining rates, milling rates, gold grade, gold recovery, and the costs of labor, consumables and mine site operations general and administrative activities can cause these measures to increase or decrease.*

Results of Operations

Third quarter 2008 compared to Third quarter 2007

For the third quarter of 2008, our net loss was $3.5 million (2 cents per share) compared with a net loss of $980 thousand (0 cent per share) for the third quarter of 2007. The difference of $2.5 million was primarily a result of the following:

- loss on equity investment in MSC of $1.7 million versus a loss of $.623 million
- increase of consulting fees of $140,000 due to additional technical reporting associated with the Los Azules project and the San José mine.
- increase in travel of $42,000
- increase in office overhead and administrative fees of $45,000
- increase in wages and benefits of $281,000 of which $261,000 was stock-based compensation
- negative foreign exchange change difference of $403,000
- interest expense of $693,000 (we are no longer capitalizing the interest on the investment in Minera Santa Cruz as the San José mine is in commercial production)

Mineral property and deferred exploration costs for the three months ended September 30, 2008 amounted to $1.8 million compared to $.324 million for the same period in 2007. The difference was due primarily to increased exploration and drilling activity primarily at the Los Azules property.

Summary of Quarterly Results

Quarter Ended	**9/30/08**	**6/30/08**	**3/31/08**	**12/31/07**	**9/30/07**	**6/30/07**	**3/31/07**	**12/31/06**
Net income (loss) - $	(3,499,577)	8,929,208	(1,768,324)	(5,788,128)	(980,211)	(417,144)	(1,009,654)	(8,149,816)
Basic and diluted income (loss) per common share - $		0.05						
	(0.02)	Diluted .04	(0.01)	(0.03)	(0.01)	0.00	(0.01)	(0.05)

The profitability of our equity investment in the second quarter was the reason for our change to profitability. Effective January 1, 2008, on the declaration of commercial production, expenses related to the operations and interest expense of the San José Project are being expensed as incurred. Prior to January 1, 2008, these expenses were capitalized to the investment in Minera Santa Cruz.

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.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

Our lease and loan obligations as at September 30, 2008 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 Project loan (1)	$ 31,850,000	$ 27,930,000	$ 3,920,000	$	$
Long Term Debt Bank Loan (1)	15,968,065	15,968,065			
Operating Lease Obligations (2)	49,500	24,300	25,200		
Purchase Obligations					
Capital Lease Obligations					
Other long-term liabilities					
Total	$ 47,867,565	$ 43,922,365	$ 3,945,200	$	$

(1) Long-term debt consists of a two bank loans of $7,500,000 and $10,000,000 and a project financing facility of $31,850,000. The bank loans are due in March 2009 and September 2009, respectively. See Note 6 in the December 31, 2007 audited consolidated financial statements for additional details. 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, 2007 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, 2008 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, Santa Cruz and Chubut have not yet established a policy regarding the royalty. The province of San Juan has the Provincial Law 7.281, modified by the Provincial Law 7.862, and the Provincial Decree 1.402/05, modified by the Provincial Decree 167/07, establishing the policy and procedures for the calculation and payment of royalties. According to these regulations, San Juan levies a 3% mouth of mine royalty to the mineral extracted once it is commercialized.

In November 2007, the board of MSC approved project capital increases of $42.5 million. These capital increases are related to incremental costs associated with the processing facility at San José taking longer than anticipated to reach full capacity which required $34.1 million. At the end of 2007 Minera Andes investment in MSC totaled approximately $65 million and at September 30, 2008, totaled approximately $74 million.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

Outstanding Share Data (as at October 31, 2008):

Class and Series of Security	Number Outstanding	Expiry Date of Convertible Securities	Relevant Terms
Common shares	189,641,935		
Stock options	11,365,000 (vested)	Various (December 5, 2008 to May 23, 2013)	Exercisable for one common share each at Cdn$0.31 to Cdn$1.73
Purchase warrants	21,587,932	Various (November 13, 2008 to March 22, 2010)	Exercisable for one common share each at Cdn$0.50 to Cdn$2.41
Agents compensation options	1,104,282	December 21, 2009	Each Agent s Compensation Option (Option) entitles the holder to acquire one unit of the Corporation at a price of Cdn$1.70 per Option at any time prior to December 21, 2009. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant shall entitle the holder to purchase one additional common share at a price of Cdn$2.00 per share, at any time prior to December 21, 2009. A total of 1,104,282 common shares and 552,140 whole warrants are reserved for issuance upon the exercise of the Options. Further 552, 140 common shares are reserved for issuance upon exercise of the warrants underlying the Options.

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 2007, 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, 2008, we had cash and cash equivalents of $6.9 million, compared to cash and cash equivalents of $23.1 million as of December 31, 2007. Working capital at September 30, 2008 was negative $10.3 million compared with positive $3.6 million at December 31, 2007. Net cash used in operating activities during the nine months ended September 30, 2008 was $4.6 million compared with net cash used in operating activities of $1 million for the nine months ended September 30, 2007. Investing activities used $23.6 million in the nine months ended September, 2008, compared with $14.8 million used in the same period of 2007. The cash used in investing activities in both 2008 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 three months ended September 30, 2008, we issued 50,000 common shares for the exercise of stock options and 132,000 common shares for the exercise of purchase warrants for net proceeds of $90,466.

The Minera Andes Inc. stock option plan was amended on June 2, 2008. The amendments include the change in the number of common shares of the Company that the option issuance is not to exceed has been increased from 15,169,643 to 18,940,243. The maximum number of shares which may be reserved for issuance to insiders under the plan, together with any other security based compensation arrangements of the Corporation, shall not exceed 10% of the shares issued and outstanding at the time of the grant.

In addition, any Options granted under the Plan shall vest to the Participant, and may be exercisable by the Participant as follows:

a) 33 1/3% of the Options shall vest in and be exercisable by the Participant twelve (12) months from the date of granting;

b) 33 1/3% of the Options shall vest in and be exercisable by the Participant twenty-four (24) months from the date of granting; and

c) 33 1/3% of the Options shall vest in and be exercisable by the Participant thirty-six (36) months from the date of granting.

The Minera Andes Inc. stock option plan was also amended on August 5, 2008. The amendment included a change to the period of time within which a Option may be exercised by a participant who has ceased to be a director, officer, employee, or consultant of the Corporation, or any of its subsidiaries or affiliates, up to a period of 18 months from the date of such cessation but such an extension shall not be granted beyond the original expiry date of the Option.

Related Party Transactions

During the three-month and nine-month periods ended September 30, 2008, we incurred legal fees to a director totaling $5,170 and $66,623, accordingly (three-month and nine-month periods ended September 30, 2007 $16,017 and $45,489 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, 2007. 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

Capital Disclosures

On January 1, 2008, the Company adopted Section 1535, Capital Disclosures , of the Canadian Institute of Chartered Accountant s (CICA) Handbook. This new section, effective for years beginning on or after October 1, 2007, establishes standards for disclosing qualitative and quantitive information that enables the users to evaluate the Company s objectives, policies, and processes for managing capital as well as the implications of non-compliance. Disclosures required by this standard are included in Note 12.

Financial Instruments

On January 1, 2008, the Company adopted Section 3862, Financial Instruments Disclosures , and Section 3863, Financial Instruments Presentation , of the Canadian Institute of Chartered Accountants (CICA) Handbook. These new sections, effective for the years beginning on or after October 1, 2007, replace section 3861, Financial Instruments Disclosures and Presentation . Section 3862 on financial instrument disclosures, requires the disclosure of information about a) the significance of financial instruments for the entity s financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. The impact of adopting these sections is included in Note 10.

Inventories

In June 2007, the CICA issued Section 3031, Inventories , which replaces Section 3030 and harmonizes the Canadian standard related to inventories with International Financial Reporting Standards. This Section provides more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. This Section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, and does not have an impact on the Company s consolidated financial statements.

In February 2008, the CICA issued section 3064, *Goodwill and Intangible Assets,* which provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. The standard is effective for fiscal years beginning on or after October 1, 2008, and requires retroactive application to prior period financial statements. The Company is in the process of evaluating the impact of this new standard for adoption on January 1, 2009.

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS). In February

2008, the AcSB announced that 2011 is the transition date for publicly listed companies to use IFRS, which will replace Canadian GAAP. The effective date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While we have begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition can not be reasonably estimated at this time.

Going Concern

In June 2007, CICA Section 1400 was amended to clarify requirements for management to assess and disclose an entity s ability to continue as a going concern. This section applies to interim and annual periods beginning on or after January 1, 2008. Disclosure required by this section is disclosed in Note 2 of the September 30, 2008 financial statements.

Income Statement Presentation

In August 2008, the CICA issued EIC-172, Income statement presentation of tax loss carryforward recognized following an unrealized gain recorded in other comprehensive income . This new abstract provides guidance on whether the tax benefit from the recognition of tax loss carryforwards consequent to the recording of unrealized gains in other comprehensive income, such as unrealized gains on available-for-sale financial assets, should be recognized in net income or in other comprehensive income. This abstract should be applied retrospectively, with restatement of prior periods from the date of adoption of Section 3855 Financial Instruments , for all interim and annual reporting periods ending on or after September 30, 2008. The adoption of this new accounting policy did not have any impact on the Company s consolidated financial statements.

NOTICE TO READER

The consolidated financial statements of Minera Andes Inc. and the accompanying interim consolidated balance sheet as at September 30, 2008 and the interim consolidated statements of operations, deficit and cash flows for the nine months period then ended are the responsibility of the Company s management. These consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company.

Exhibit 99.2

MINERA ANDES INC.

CONSOLIDATED BALANCE SHEETS

(U.S. Dollars - Unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Current:		
Cash and cash equivalents	$ 6,942,518	$ 23,101,135
Receivables and prepaid expenses	125,574	340,674
Project loan interest receivable (Note 5 (d))	4,324,229	2,357,753
Current project loan receivable (Note 5 (d))	27,930,000	6,860,000
Total current assets	39,322,321	32,659,562
Project loan receivable (Note 5 (d))	3,920,000	24,990,000
Mineral properties and deferred exploration costs (Note 5)	15,184,547	8,337,881
Investment in Minera Santa Cruz (Note 5 (d))	73,938,473	64,726,565
Equipment, net	33,204	40,931
Total assets	$ 132,398,545	$ 130,754,939
LIABILITIES		
Current:		
Accounts payable and accruals	$ 1,406,813	$ 2,886,550
Project loan interest payable (Note 5 (d))	4,324,229	2,357,753
Current project loan payable (Note 5 (d))	27,930,000	6,860,000
Bank loan (Note 6)	15,968,065	
Related party payable		16,905,000
Total current liabilities	49,629,107	29,009,303
Bank loan (Note 6)		14,591,830
Project loan payable (Note 5 (d))	3,920,000	24,990,000
Asset retirement obligation	90,000	90,000
Total liabilities	53,639,107	68,681,133
Commitments and contingencies (Notes 2, 5 and 8)		
SHAREHOLDERS EQUITY		
Share capital (Note 7):		
Preferred shares, no par value, unlimited number authorized, none issued		
Common shares, no par value, unlimited number authorized		
Issued September 30, 2008 189,621,935 shares	100,635,943	88,512,349
Issued December 31, 2007 180,974,912 shares		
Contributed surplus (Notes 11)	16,984,850	16,007,350
Accumulated deficit	(38,861,355)	(42,445,893)
Total shareholders equity	78,759,438	62,073,806
Total liabilities and shareholders equity	$ 132,398,545	$ 130,754,939

Approved by the Board of Directors:

/s/ Allen V. Ambrose	/s/ Allan J. Marter
Allen V. Ambrose, Director	Allan J. Marter, Director

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

MINERA ANDES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

(U.S. Dollars - Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Income (Loss) on equity investment (Note 5 (d))	($1,655,364)	($623,000)	$ 9,171,591	($1,249,885)
Consulting fees (Note 7 (c))	197,426	57,661	762,206	201,663
Depreciation	1,372	2,119	3,713	6,481
Insurance	42,104	36,305	126,364	108,944
Legal, audit and accounting fees	161,085	165,235	521,494	523,436
Office overhead and administration fees	128,255	83,370	347,838	402,005
Telephone	9,839	9,499	23,209	28,376
Transfer agent	6,031	3,361	12,510	18,483
Travel	61,874	19,620	124,950	119,942
Wages and benefits (Note 7 (c))	418,237	137,353	1,471,366	344,879
Expenses before under-noted	1,026,223	514,523	3,393,650	1,754,209
Foreign exchange (gain) loss	300,052	(102,560)	403,268	(434,110)
Rental of access roads on construction property	(122,600)		(122,600)	
Interest income	(53,450)	(57,354)	(261,665)	(179,749)
Interest expense	693,331		2,094,466	
Project loan interest expense	661,476	660,000	1,966,476	1,649,423
Project loan interest income	(661,476)	(660,000)	(1,966,476)	(1,649,423)
Write-off of mineral properties and deferred exploration costs	657	2,602	3,165	16,774
	1,844,213	357,211	5,510,284	1,157,124
Net income (loss) for the period	(3,499,577)	(980,211)	3,661,307	(2,407,009)
Accumulated deficit, beginning of period	(35,343,580)	(35,603,443)	(42,445,893)	(33,883,266)
	(38,843,157)	(36,583,654)	(38,784,586)	(36,290,275)
Share issue costs	(18,198)		(76,769)	
Incentive warrant payment (Note 7 (b))				(293,379)
Accumulated deficit, end of period	($38,861,355)	($36,583,654)	($38,861,355)	($36,583,654)
Basic income (loss) per common share	($0.02)	$ 0.00	$ 0.02	($0.02)
Diluted income (loss) per common share	($0.02)	$ 0.00	$ 0.02	($0.02)
Weighted average shares outstanding	189,477,889	166,705,185	188,655,216	163,471,121

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

MINERA ANDES INC.

CONSOLIDATED STATEMENTS OF MINERAL PROPERTIES

AND DEFERRED EXPLORATION COSTS

(U.S. Dollars - Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Assays and analytical	$ 40,118	$ 12,412	$ 122,631	$ 57,232
Asset retirement obligation				
Construction and trenching			10,178	111,304
Consulting fees		33,996	62,157	110,381
Depreciation	3,359	7,156	12,799	20,310
Drilling	429,000	55	3,682,610	1,036,006
Equipment rental	527,926		739,278	433,848
Geology	681,381	127,510	1,237,206	565,153
Geophysics			9,377	
Insurance		1,808	4,060	3,038
Legal	2,214	46,787	71,240	131,287
Maintenance	4,361	3,254	13,690	15,951
Materials and supplies	8,541	3,663	314,891	122,721
Project overhead	21,438	22,812	217,565	137,175
Property and mineral rights	31,979	13,700	65,070	34,912
Telephone	5,511	14,926	20,489	31,291
Travel	32,023	19,885	194,138	241,954
Wages and benefits	24,170	18,223	72,452	54,513
Costs incurred during the period	1,812,021	326,187	6,849,831	3,107,076
Deferred Costs, beginning of the period	13,373,183	8,371,865	8,337,881	5,605,148
Deferred costs written off	(657)	(2,602)	(3,165)	(16,774)
Deferred costs, end of the period	$ 15,184,547	$ 8,695,450	$ 15,184,547	$ 8,695,450

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

MINERA ANDES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. Dollars - Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2008	**September 30, 2007**	**September 30, 2008**	**September 30, 2007**
Operating Activities:				
Net income (loss) for the period	($3,499,577)	($980,211)	$ 3,661,307	($2,407,009)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Write-off of deferred exploration costs	657	2,602	3,165	16,774
Interest expense, accretion of debt discount	472,686		1,376,235	
(Gain) Loss on equity investment	1,655,364	623,000	(9,171,591)	1,249,885
Depreciation	1,373	2,119	3,713	6,481
Stock option compensation (Note 4)	261,500	10,000	977,500	10,000
Project loan interest expense	661,476	660,000	1,966,476	1,649,423
Project loan interest income	(661,476)	(660,000)	(1,966,476)	(1,649,423)
Change in:				
Accounts receivable and prepaid expenses	10,569	36,544	215,101	132,661
Accounts payable and accrued expenses	(97,864)	(133,593)	(1,644,766)	(22,252)
Cash provided by (used in) operating activities	(1,195,292)	(439,539)	(4,579,336)	(1,013,460)
Investing Activities:				
Purchase of equipment	(1,400)	(14,622)	(8,784)	(14,622)
Mineral properties and deferred exploration	(1,367,510)	(319,032)	(6,695,564)	(3,086,766)
Investment in Minera Santa Cruz		(5,131,612)	(16,945,317)	(11,714,344)
Cash provided by (used in) investing activities	($1,368,910)	($5,465,266)	($23,649,665)	($14,815,732)

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

MINERA ANDES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. Dollars - Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Financing Activities:				
Shares and subscriptions issued for cash, less issue costs	$ 72,268	$ 7,941	$ 12,046,825	$ 7,675,947
Bank loan proceeds received				7,500,000
Bank loan interest payable	28,254	2,318	23,559	40,443
Project loan receivable	661,476	(1,960,000)	1,966,476	(22,050,000)
Project loan payable	(661,476)	1,960,000	(1,966,476)	22,050,000
Cash provided by financing activities	100,522	10,259	12,070,384	15,216,390
Increase in cash and cash equivalents	(2,463,680)	(5,894,546)	(16,158,617)	(612,802)
Cash and cash equivalents, beginning of period	9,406,198	7,526,365	23,101,135	2,244,621
Cash and cash equivalents, end of period	$ 6,942,518	$ 1,631,819	$ 6,942,518	$ 1,631,819
Supplementary disclosure cash flow information:				
Capitalized interest paid	$	$ 140,363	$	$ 277,800