

MINERA ANDES INC /WA  
Form 10QSB  
May 23, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

*(Mark One)*

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2006

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_ to \_\_\_\_\_  
Commission file Number **000-22731**

**MINERA ANDES INC.**  
*(Exact name of registrant as specified in its charter)*

**ALBERTA, CANADA**  
*(State or other jurisdiction of incorporation or organization)*

**NONE**  
*(I.R.S. Employer Identification No.)*

**111 E. MAGNESIUM ROAD, SUITE A, SPOKANE, WA 99208**  
*(Address of principal executive offices)*

**(509) 921-7322**  
*(Registrant's telephone number)*

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):  
Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

Shares outstanding as of May 15, 2006: 148,905,595 shares of common stock, with no par value

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**MINERA ANDES INC.**  
**“An Exploration Stage Corporation”**  
**CONSOLIDATED BALANCE SHEETS**  
**(U.S. Dollars - Unaudited)**

|  | <b>March 31,<br/>2006</b> | <b>December 31,<br/>2005</b> |
|--|---------------------------|------------------------------|
| <b>ASSETS</b>  |                           |                              |
| Current:   |                           |                              |
| Cash and cash equivalents                                  | \$ 3,554,601              | \$ 3,314,559                 |
| Receivables and prepaid expenses                           | 113,160                   | 95,777                       |
| Total current assets                                       | 3,667,761                 | 3,410,336                    |
| Mineral properties and deferred exploration costs (Note 3) | 5,062,337                 | 4,470,174                    |
| Investment (Note 4)  | 22,611,703                | 17,505,938                   |
| Equipment, net   | 72,733                    | 66,378                       |
| Total assets   | \$ 31,414,534             | \$ 25,452,826                |
| <b>LIABILITIES</b>   |                           |                              |
| Current:   |                           |                              |
| Accounts payable and accruals                              | \$ 651,945                | \$ 259,806                   |
| Bank loan interest payable                                 | 29,111                    | 84,064                       |
| Bank loan (Note 5)   | 1,862,408                 | 3,628,635                    |
| Total liabilities  | 2,543,464                 | 3,972,505                    |
| <b>SHAREHOLDERS' EQUITY</b>                                |                           |                              |
| Preferred shares, no par value, unlimited number           |                           |                              |
| Authorized, none issued                                    | --                        | --                           |
| Common shares, no par value, unlimited number authorized   |                           |                              |
| Issued March 31, 2006 - 130,094,892 shares (Note 2)        |                           |                              |
| Issued December 31, 2005 - 108,484,137 shares              | 49,771,412                | 41,679,110                   |
| Contributed surplus  | 2,778,334                 | 2,736,570                    |
| Accumulated deficit  | (23,678,676)              | (22,935,359)                 |
| Total shareholders' equity                                 | 28,871,070                | 21,480,321                   |
| Total liabilities and shareholders' equity                 | \$ 31,414,534             | \$ 25,452,826                |

Approved by the Board of Directors:

/s/ Allen V.

Ambrose

Allen V. Ambrose, Director

/s/ Bonnie L. Kuhn

Bonnie L. Kuhn, 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)**

|   | <b>Three Months Ended</b> |                  | <b>Period from</b>    |
|---|---------------------------|------------------|-----------------------|
|   | <b>March 31,</b>          | <b>March 31,</b> | <b>July 1, 1994</b>   |
|   | <b>2006</b>               | <b>2005</b>      | <b>(inception)</b>    |
|   |                           |                  | <b>through</b>        |
|   |                           |                  | <b>March 31, 2006</b> |
| Consulting fees                         | 125,336                   | 112,393          | 2,687,312             |
| Depreciation                            | 2,101                     | 2,454            | 89,991                |
| Equipment rental                        | --                        | --               | 21,522                |
| Foreign exchange loss                   | 27,392                    | 16,430           | 206,320               |
| Insurance                               | 15,230                    | 17,255           | 407,114               |
| Legal, audit and accounting fees        | 87,283                    | 36,792           | 1,865,713             |
| Materials, supplies and maintenance     | --                        | --               | 49,260                |
| Office overhead and administration fees | 70,662                    | 46,417           | 2,767,443             |
| Telephone                               | 6,504                     | 9,621            | 459,427               |
| Transfer agent                          | 5,308                     | 947              | 144,242               |
| Travel                                  | 14,071                    | 22,656           | 560,565               |
| Wages and benefits                      | 80,741                    | 52,013           | 2,996,727             |
| Write-off of deferred exploration costs | --                        | --               | 8,540,235             |
| <b>Total expenses</b>                   | <b>434,628</b>            | <b>316,978</b>   |                       |