
ANDEAN AMERICAN MINING CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2007

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ANDEAN AMERICAN MINING CORP.
INTERIM CONSOLIDATED BALANCE SHEETS
(unaudited)
(Expressed in Canadian Dollars, except where noted)

	December 31 2007	March 31 2007
	(unaudited)	(audited)
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	10,182,396	174,484
Accounts receivable (Note 3)	733,756	714,350
Prepaid expenses	316,179	207,053
Mineral on pads and inventories (Note 4)	1,722,465	2,546,590
	12,954,796	3,642,477
Mineral on pads (Note 4)	3,609,726	3,454,861
Mineral properties and deferred costs (Note 5)	34,920,954	30,453,207
Property, plant and equipment (Note 6)	1,182,872	1,188,152
	52,668,348	38,738,697
LIABILITIES		
Current		
Bank indebtedness	88,484	218,715
Accounts payable and accrued liabilities	2,381,570	3,440,277
Deferred income	129,535	303,054
Loans payable (Note 7)	38,042	44,387
Current portion of long term debt (Note 8)	286,811	543,615
	2,924,442	4,550,048
Long term debt (Note 8)	101,217	101,217
Future income tax liabilities	5,057,959	5,723,679
Provision for reclamation and closure costs (Note 9)	111,553	130,159
	8,195,171	10,505,103
Minority interest	7,829,234	2,642,331
	16,024,405	13,147,434
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	69,067,549	59,127,821
Contributed surplus (Note 11)	6,479,037	2,367,949
Deficit	(38,902,643)	(35,904,507)
	36,643,944	25,591,263
	52,668,348	38,738,697
Going concern (Note 1)		
Contingency (Note 15)		
Subsequent Events (Note 16)		

APPROVED BY THE DIRECTORS
"JOHN HUGUET"

DIRECTOR

"BRYAN MORRIS"

DIRECTOR

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

ANDEAN AMERICAN MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS,
COMPREHENSIVE INCOME (LOSS) AND DEFICIT
(unaudited)
(Expressed in Canadian Dollars, except where noted)

	Three Months Ended		Nine Months Ended	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
	\$	\$	\$	\$
REVENUE				
Sales of metals	1,836,319	1,523,064	4,474,260	4,225,586
OPERATING EXPENSES				
Direct operating costs	1,442,659	1,956,884	4,265,432	4,669,559
Royalty expense	32,293	24,628	77,510	71,862
Amortization and depletion	231,152	422,339	1,004,292	852,707
Selling expenses	46,849	43,254	130,572	115,111
Stock based compensation	410,060	75,344	1,224,107	75,344
Provision for reclamation	(28)	3,645	3,412	10,777
	2,162,985	2,526,094	6,705,325	5,795,360
GROSS PROFIT (LOSS)	(326,666)	(1,003,030)	(2,231,065)	(1,569,774)
OTHER (INCOME) EXPENSE				
General and administrative expenses	525,607	248,110	1,536,229	955,488
Interest expense	10,948	29,315	33,593	77,828
Other (income) expense	(47,115)	162,881	(184,444)	25,143
Foreign exchange (gain) loss	68,046	(260,713)	(736,173)	(103,723)
Dilution (gain) loss on sale of shares by subsidiary	425,684	-	425,684	6,086,167
Minority interest	(255,653)	(35,094)	(307,818)	(83,239)
	727,517	144,499	767,071	6,957,664
NET INCOME (LOSS) AND COMPREHENSIVE INCOME				
(LOSS) FOR THE PERIOD	(1,054,183)	(1,147,529)	(2,998,136)	(8,527,438)
DEFICIT, BEGINNING OF PERIOD	(37,848,460)	(23,737,134)	(35,904,507)	(16,357,225)
DEFICIT, END OF PERIOD	(38,902,643)	(24,884,663)	(38,902,643)	(24,884,663)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES				
OUTSTANDING				
BASIC	64,987,417	51,864,930	61,480,971	51,612,880
DILUTED	65,340,504	51,864,930	61,530,354	51,612,880
NET INCOME (LOSS) PER COMMON SHARE				
BASIC	(0.016)	(0.022)	(0.049)	(0.165)
DILUTED	(0.016)	(0.022)	(0.049)	(0.165)

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

ANDEAN AMERICAN MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)
(Expressed in Canadian Dollars, except where noted)

	Three Months Ended		Nine Months Ended	
	December 31	December 31	December 31	December 31
	2007	2006	2007	2006
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR):				
OPERATING ACTIVITIES				
Net income (loss) for the period	(1,054,183)	(1,147,529)	(2,998,136)	(8,527,438)
Adjustments for items not affecting cash:				
Amortization and depletion	231,152	443,452	1,004,292	863,318
Stock based compensation	410,060	75,344	1,224,107	75,344
Minority interest	(255,653)	-	(307,818)	-
Provision for reclamation	(28)	3,645	3,412	10,777
Unrealized foreign exchange gain on long-term monetary assets and liabilities	89,225	21,982	(772,817)	(25,688)
Dilution (gain) loss on sale of shares by subsidiary	425,684	-	425,684	6,086,167
	(153,743)	(603,106)	(1,421,276)	(1,517,520)
Net changes in non-cash working capital items:				
Accounts receivable	92,268	(21,136)	(19,406)	229,083
Mineral on pads and inventories	299,537	234,861	669,260	494,190
Prepaid expenses	(19,337)	(9,734)	(109,126)	(128,532)
Accounts payable and accrued liabilities	(663,969)	(69,946)	(1,058,707)	(503,547)
Deferred income	40,895	(39,225)	(173,519)	25,136
	(404,349)	(508,286)	(2,112,774)	(1,401,190)
INVESTING ACTIVITIES				
Mineral properties and deferred costs	(2,311,098)	(900,300)	(4,895,966)	(2,232,625)
Shares of subsidiary acquired by private placement	(2,000,000)	-	(2,000,000)	-
Property, plant and equipment	(172,641)	(13,146)	(318,947)	(83,106)
	(4,483,739)	(913,446)	(7,214,913)	(2,315,731)
FINANCING ACTIVITIES				
Sale of Sinchao (CMS)	-	513,459	-	3,337,434
Change in restricted cash	-	(205,634)	-	-
Private placement of units, net of issue costs	5,997,550	798,855	12,692,420	816,355
Shares issued by subsidiary to minority interest, net of issue costs	6,234,436	-	6,946,936	-
Payment of long term debt	(85,399)	(84,272)	(173,526)	(231,663)
Payment of loans payable	-	-	-	(52,476)
	12,146,587	1,022,408	19,465,830	3,869,650
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD				
	7,258,500	(399,324)	10,138,143	152,729
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD				
	2,835,412	1,362,553	(44,231)	810,500
CASH AND CASH EQUIVALENTS, END OF PERIOD				
	10,093,912	963,229	10,093,912	963,229
CASH AND CASH EQUIVALENTS IS COMPRISED OF:				
Cash	10,182,396	1,057,820	10,182,396	1,057,820
Bank indebtedness	(88,484)	(94,591)	(88,484)	(94,591)
	10,093,912	963,229	10,093,912	963,229

ANDEAN AMERICAN MINING CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(Expressed in Canadian Dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Andean American Mining Corp. (the "Company") operates the Santa Rosa Mine, a heap leach facility to extract gold. Commercial production at the Santa Rosa Mine heap leach facility commenced in March 2002. The Company maintains an ownership interest in various other mineral properties in Peru, including the Sinchao properties, the Invicta properties, the Mamara properties and those properties adjacent to the Santa Rosa mine.

The amounts shown as mineral properties and deferred costs represent net costs to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of these amounts and any additional amounts required to place these properties into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop its mineral properties.

As at December 31, 2007, the Company has an accumulated deficit of \$38,902,643. The Company is continuing in its efforts to generate sufficient cash from its operations or raise funds to meet its ongoing liabilities as they fall due. There can be no assurance that the Company will be successful in its efforts, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet. The consolidated financial statements do not give effect to any adjustments that might be necessary if the Company were unable to meet its obligations or continue operations.

2. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of the Company and all its subsidiaries. The significant subsidiaries are: Sinchao Metals Corp, a British Columbia company (58% owned); El Misti Gold S.A.C. ("El Misti Peru"), a Peruvian company (100% owned); Andean Explorations S.A.C. ("Andex"), a Peruvian Company (100% owned). All significant inter-company balances and transactions have been eliminated.

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim consolidated financial statements do not include all of the disclosure required by Canadian generally accepted accounting principles ("Canadian GAAP") for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2007. They have been prepared using the same accounting policies and methods as those used in the annual consolidated financial statements for the year ended March 31, 2007.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

ANDEAN AMERICAN MINING CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(Expressed in Canadian Dollars, except where noted)

3. ACCOUNTS RECEIVABLE

	December 31	March 31
	2007	2007
	\$	\$
Trade accounts	5,041	200,620
Employees	929	3,683
Tax refundable	585,025	403,788
Others	142,761	106,259
	<u>733,756</u>	<u>714,350</u>

4. MINERAL ON PADS AND INVENTORIES

	December 31	March 31
	2007	2007
	\$	\$
Mineral on leach pads	4,497,048	5,527,778
Less: non-current portion	(3,609,726)	(3,454,861)
	887,322	2,072,917
Finished products	636,697	201,129
Supplies	198,446	272,544
	<u>1,722,465</u>	<u>2,546,590</u>

5. MINERAL PROPERTIES AND DEFERRED COSTS

	December 31	March 31
	2007	2007
	\$	\$
Producing mineral property		
Santa Rosa Mine		
Properties in operation	4,982,422	12,665,762
Properties in preparation	4,410,890	4,410,449
Revenue prior to commercial production	(788,490)	(788,490)
	8,604,823	16,287,721
Accumulated amortization and depletion	(3,329,491)	(2,644,882)
Write-down to fair value	-	(7,715,233)
Total producing mineral property	<u>5,275,332</u>	<u>5,927,606</u>
Non-producing mineral properties		
Sinchao Property		
Acquisition and deferred exploration costs	23,838,016	22,202,906
Invicta and other properties	5,807,606	2,914,994
Write-off of certain other properties	-	(592,299)
Total non-producing mineral properties	<u>29,645,622</u>	<u>24,525,601</u>
Total mineral properties and deferred costs	<u>34,920,954</u>	<u>30,453,207</u>

ANDEAN AMERICAN MINING CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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5. MINERAL PROPERTIES AND DEFERRED COSTS (CONTINUED)

The Company has acquired mineral claims in Peru through option agreements and direct staking. As at December 31, 2007, the Company's property portfolio comprises approximately 30,600 hectares. The Santa Rosa property consists of 9,000 hectares, the Mamara property consists of 3,400 hectares and the Sinchao property consists of 1,300 hectares. The Invicta property comprises 16,900 hectares, of which 3,700 hectares were acquired under an option agreement from a subsidiary of Barrick Gold Corporation, Minera ABX Exploraciones S.A.

(a) Santa Rosa Mine

Accumulated costs included in the Santa Rosa mine costs are acquisition, exploration and development costs all of which are amortized or depleted using the units-of-production method.

(b) Sinchao Property

The viability of the Sinchao property has not yet been determined and the costs associated with the project are not being amortized.

(c) Invicta Property

The acquisition agreement with Minera ABX (Barrick) dated October 17, 2005 required the issuance of 500,000 shares to Barrick and payment of US\$315,000 in cash upon exercise of the option. The Company issued the 500,000 shares in October 2005 and paid US\$115,000 in November 2005 and the remaining US\$200,000 in April 2006.

The Company will also pay a 1% NSR, capped at US\$1 million, and a production payment of US\$50,000 per quarter capped at US\$800,000.

In order to maintain / earn its interest in its current portfolio of mineral properties, the Company must:

- Pursuant to the original Santa Rosa property purchase agreement, make the final option payments of \$734,226 during the year ended March 31, 2008.
- Pay a net smelter royalty ("NSR") of 0.8213% to the Production Debenture holders from the time of commercial production from the Santa Rosa Mine. In addition, for gold produced in excess of 175,000 ounces from the Santa Rosa Mine, the Company has agreed to pay a floating NSR of between US\$6.00 to US\$10.00 per ounce of gold produced, if the price of gold is higher than US\$320 per ounce, to the original claims holders from the Minera Paraccay acquisition within the Santa Rosa Property. It is expected that the floating NSR will not be payable before fiscal 2009.
- Pay annual fees of US\$3 per hectare to governmental authorities. The calendar 2007 holding costs are estimated to be approximately US\$60,000.

Certain of the mineral properties, if taken to production, are subject to various royalties as a percentage of either net profits from production or of net smelter returns.

ANDEAN AMERICAN MINING CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(Expressed in Canadian Dollars, except where noted)

6. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31, 2007</u>			<u>March 31, 2007</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Production plant and equipment	4,205,023	(3,350,711)	854,312	967,418
Vehicles	326,538	(171,351)	155,187	81,614
Office furniture and equipment	391,818	(241,743)	150,075	121,462
Construction in progress	23,298	-	23,298	17,658
	<u>4,946,677</u>	<u>(3,763,805)</u>	<u>1,182,872</u>	<u>1,188,152</u>

7. LOANS PAYABLE

The Company has entered into a number of joint venture funding agreements, as follows:

	<u>December 31 2007</u>	<u>March 31 2007</u>
	\$	\$
Loan payable US\$34,000 (March 2007 – US\$34,000)	<u>33,595</u>	39,199
Loan payable US\$4,500 (March 2007– US\$4,500)	<u>4,447</u>	<u>5,188</u>
	<u>38,042</u>	<u>44,387</u>

The loans payable are each non-interest bearing and have no fixed terms of repayment.

8. LONG TERM DEBT

	<u>December 31 2007</u>	<u>March 31 2007</u>
	\$	\$
Long term debt	<u>388,028</u>	644,832
Less: Current portion	<u>(286,811)</u>	<u>(543,615)</u>
	<u>101,217</u>	<u>101,217</u>

9. PROVISION FOR RECLAMATION AND CLOSURE COSTS

All of the Company's operations are subject to reclamation and closure requirements. Although the ultimate amount of site restoration costs is uncertain, on a regular basis the Company monitors these costs and together with third party engineers prepares internal estimates to evaluate their bonding requirements. The estimates prepared by management are then reconciled with the requirements of the Peruvian mining regulations.

At December 31, 2007, the accrued site closure liability amounted to \$111,553 (March 2007 - \$130,159). This was calculated using the fair market value of \$199,052, discounted at 10%.

In view of the uncertainties concerning future removal and site restoration costs, as well as the applicable laws and regulations, the ultimate costs to the Company could differ materially from the amounts estimated by management.

Future changes, if any, due to their nature and unpredictability, could have a material impact and would be reflected prospectively as a change in accounting estimate.

ANDEAN AMERICAN MINING CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(Expressed in Canadian Dollars, except where noted)

10. SHARE CAPITAL

(a) Authorized

The Company has authorized an unlimited number of common shares, with no par value.

(b) Issued and Outstanding

A summary of issued and outstanding shares activity for the nine months ended December 31, 2007 is as follows:

	Number of Shares	Amount
		\$
Balance, March 31, 2007	52,408,489	59,127,821
Allocation of private placement proceeds to common shares	20,439,538	11,167,006
Share issue costs paid in cash	-	(713,280)
Share issue costs paid in stock	626,990	(407,544)
Fair value of broker warrants issued pursuant to private placement	-	(256,811)
Stock options exercised	125,000	120,000
Reallocation of grant date fair value on exercise of stock options and warrants of Andean American Mining Corp.	-	30,357
Balance, December 31, 2007	73,600,017	69,067,549

On May 30, 2007 the Company announced the completion of a private placement of 11,332,528 Units at a price of \$0.65 per unit consisting of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable at \$0.85 and expires on May 29, 2009.

Total gross proceeds from the private placement of \$7,366,150 has been allocated \$6,297,936 to common shares and \$1,068,214 to contributed surplus based on the fair value of the warrants. The fair value of the warrants has been estimated using the Black-Scholes option-pricing model. The assumptions used in the Black-Scholes option pricing model were: dividend yield: 0%; expected volatility 67%; a risk-free interest rate of 4.58% and an expected life of 2 years. The Company paid finder's fees in cash of \$589,292 and incurred additional cash issuance costs of \$123,988. The Company also issued 566,627 broker warrants under the same terms as the private placement with a fair value of \$106,821.

On December 28, 2007 the Company announced the completion of the second tranche of a private placement. In total, 9,107,000 units at a price of \$0.65 per unit consisting of one common share of the Company and one half of one common share purchase warrant were issued under the private placement. Each whole warrant is exercisable at \$0.85 and expires after two years. The first tranche of the private placement (3,077,000 units) expires on December 17, 2009. The second tranche of the private placement (6,030,000 units) expires on December 21, 2009.

Total gross proceeds from the private placement of \$5,919,550 has been allocated \$4,869,070 to common shares and \$1,050,480 to contributed surplus based on the fair value of the warrants. The fair value of the warrants has been estimated using the Black-Scholes option-pricing model. The assumptions used in the Black-Scholes option pricing model were: dividend yield: 0%; expected volatility 61.81%; a risk-free interest rate of 3.91% and an expected life of 2 years. The Company issued 626,990 units in finder's fees and issued 716,560 broker warrants under the same terms as the private placement with a fair value of \$149,990.

ANDEAN AMERICAN MINING CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(Expressed in Canadian Dollars, except where noted)

10. SHARE CAPITAL (CONTINUED)

(c) Warrants

A summary of share warrants activity for the nine months ended December 31, 2007 is as follows:

	Number of Warrants	Exercise Price	Number
		\$	
Balance, March 31, 2007	405,000	1.00	405,000
Issued pursuant to private placement (note 10(b))	5,666,269	0.85	5,666,269
Broker warrants issued pursuant to private placement (note 10(b))	566,627	0.85	566,627
Issued pursuant to private placement (note 10(b))	4,553,500	0.85	4,553,500
Broker warrants issued pursuant to private placement (note 10(b))	716,560	0.90	716,560
Broker warrants issued pursuant to private placement (note 10(b))	313,495	0.85	313,495
Expired	(405,000)	1.00	(405,000)
Balance, December 31, 2007	11,816,451	0.48	11,816,451

As at December 31, 2007, issued and outstanding warrants to purchase common shares of the Company is as follows:

Expiry Date	Number of Warrants	Exercise Price
		\$
May 29, 2009	5,666,269	0.85
May 29, 2009	566,627	0.85
December 17, 2009	1,538,500	0.85
December 21, 2009	3,015,000	0.85
December 22, 2009	716,560	0.90
December 22, 2009	313,495	0.85
	11,816,451	0.85

(d) Stock options

The Company grants share options in accordance with the policies of the TSX Venture Exchange. Under the general guidelines of the TSX Venture Exchange, the Company may reserve up to 10% of its issued and outstanding shares for issue to its employees, directors or consultants.

During the nine months ended December 31, 2007, the Company granted 3,335,000 stock options to its employees and independent consultants with exercise prices ranging from \$0.65 to \$1.25 per share. All of the options vest over 24 months. For the nine months ended December 31, 2007, Andean American Mining Corp. recorded \$425,288 (2006 - \$75,344) for stock based compensation expense, of which \$58,871 (2006 - \$nil) was capitalized to resources properties and Sinchao Metals Corp. recorded \$1,055,209 (2006 - \$nil) for stock based compensation expense, of which \$197,520 (2006 - \$nil) was capitalized to resource properties. The fair value of each stock option granted has been estimated as of the date of the grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 3.88% to 4.30%, dividend yield 0%, volatility of 61.81% to 70.92% and an expected life of 1 to 5 years.

ANDEAN AMERICAN MINING CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(Expressed in Canadian Dollars, except where noted)

10. SHARE CAPITAL (CONTINUED)

A summary of stock option activity at December 31, 2007 and the changes for the period then ended is as follows:

	Number of Options	Weighted Average Exercise Price
		\$
Options outstanding at March 31, 2007	3,522,065	0.86
Granted	3,335,000	0.73
Exercised	(125,000)	0.96
Expired	(1,679,365)	0.79
Options outstanding at December 31, 2007	5,052,700	0.80

A summary of stock options outstanding and exercisable as at December 31, 2007 is as follows:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$			\$
0.65 - 1.00	4,756,700	3.43	0.77
1.01 - 1.25	296,000	1.00	1.20
	5,052,700	3.28	0.80

11. CONTRIBUTED SURPLUS

A continuity of contributed surplus for the nine months ended December 31, 2007 is as follows:

	\$
Balance, March 31, 2007	2,367,949
Non-cash stock-based compensation of Andean American Mining Corp.	425,288
Non-cash stock-based compensation of Sinchao Metals Corp.	1,055,209
Fair value of warrants issued pursuant to private placement	2,118,694
Fair value of broker units issued pursuant to private placement	407,544
Fair value of broker warrants issued pursuant to private placement	256,811
Reallocation of grant date fair value on exercise of stock options and warrants	(152,458)
Balance, December 31, 2007	6,479,037

12. RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2007, the Company was charged \$274,700 (2006 - \$180,000) for management, professional and consulting services provided by three directors of the Company. In addition, the Company was charged \$2,945 (2006 - \$6,778) for administrative and professional services by a company controlled by a director of the Company. Other related party transactions are disclosed elsewhere in these consolidated financial statements.

As at December 31, 2007, \$Nil (2006 - \$37,059) was due to a director of the Company on account of past services and advances made.

ANDEAN AMERICAN MINING CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(Expressed in Canadian Dollars, except where noted)

13. SEGMENTED INFORMATION

The Company's only activities are the exploration and development of mineral properties and the operation of the Santa Rosa mine facility, all of which are in Peru. The principal assets in Canada consist of cash, accounts receivable and head office capital assets.

14. FINANCIAL INSTRUMENTS

(a) Fair Value of Short Term Financial Instruments

The fair value of cash, amounts receivable, prepaid expenses, accounts payable, accrued liabilities, accrued interest payable, and loans payable is equivalent to the carrying amount given the short maturity period.

(b) Interest Rate Risk

The Company has no floating rate interest bearing securities outstanding at December 31, 2007.

15. CONTINGENCY

A previous participant in the Invicta (previously Victoria) Project has advised the Company that they retain a minority interest in the project. No legal claim has been initiated and the Company disputes that this previous participant holds any interest in the project. There are no legal rights for this participant in government registries in Peru. This participant failed to register its interests in Peru and thus is considered to have abandoned any interest in the Invicta project.

16. SUBSEQUENT EVENTS

(a) On February 7, 2008 the Company announced that it acquired by staking an additional 7,500 hectares at the Invicta Project, bringing the total land position to 29,700 hectares.

(b) On February 25, 2008 the Company announced that it acquired by staking an additional 11,800 hectares at the Invicta Project, bringing the total land position to 41,500 hectares.