

ANDEAN AMERICAN MINING CORP.
Management's Discussion and Analysis
For the Six Months Ended September 30, 2007

Note: The information contained herein is current to November 28, 2007.

INTRODUCTION

Andean American Mining Corp. ("Andean" or the "Company") is a Canadian based exploration and development company that concentrates its operations and exploration activities in Peru.

This management's discussion and analysis ("MD&A") of the financial position and results of operations of the Company is for the three and six-month period ending September 30, 2007 compared with the three and six-month period ending September 30, 2006. It should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2007 and the related notes thereto prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A should be read in conjunction with other corporate filings available at www.sedar.com or www.andeanamerican.com. Except as otherwise disclosed, all dollar figures are quoted in Canadian dollars.

DESCRIPTION OF BUSINESS

Andean is a Canadian based exploration and development company with exploration properties in Peru. Peru has a proud tradition of mining and infrastructure to support the mining industry and currently stands as the largest gold producer and second largest copper producer in Latin America as well as the largest silver producer in the world. As a junior mining and exploration company operating in Peru, the Company benefits from its total focus on Peru and the unique skills in its 100% Peruvian workforce.

Andean is focused on precious metals, copper and zinc and has plans for growth through acquisition and further exploration on its current properties.

OPERATIONS REVIEW

Operations are focused on the Company's key assets:

- 1) The Invicta gold-silver-copper advanced exploration stage project;
- 2) The Sinchao zinc-copper-silver-gold-lead mineralization project; and
- 3) At the Santa Rosa Mine, recycled production continues. Currently production is at 10-11,000 ounces per annum.

INVICTA PROJECT: 22,200 HECTARES (54,857 ACRES)

Exploration and Development

The 13,000-metre diamond drill program is in progress in the Atenea zone and the immediately adjacent Ydalia zone. An 80 line-kilometre geophysical program is also underway.

Activities over the past 6 months included:

- a) A National Instrument 43-101 Technical Report dated July 24, 2007 reported the following mineral resources at a 1.0 g/t cut off:
 - i. Measured Resources: 1,103,984 tonnes averaging 3.88 g/t Au, 15.77 g/t Ag and 0.26% Cu.
 - ii. Indicated Resources: 3,635,540 tonnes averaging 2.39 g/t Au, 19.14 g/t Ag and 0.51% Cu.
 - iii. Inferred Resources: 6,088,700 tonnes averaging 1.44 g/t Au, 15.70 g/t Ag and 0.53% Cu.The complete report is available at www.sedar.com
- b) News releases about the drill program included:
 - i. 10-13-07: Drill Results from hole AE-DDH-07-27 include 14.4 metres grading 7.76 g/t Gold, 75.91 g/t Silver and 1.74% Copper

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- ii. 11-13-07: Drill Results from holes AE-DDH-07 34 and 35 include 25.11 metres grading 4.45 g/t Gold, 100.66 g/t Silver and 0.64% Copper
 - iii. 11-14-07: Drill Results from holes 36 and 37 include 6.0 metres grading 1.20 g/t Gold, 76.38 g/t Silver and 5.81% Zinc
 - iv. 11-16-07: Additional 5,300 Hectares acquired, total now 22,200; Drill Results from Hole AE-DDH-07-31 include 8.7 metres grading 1.98 g/t Gold, 12.22 g/t Silver and 0.17% Copper
- c) The Company has engaged Wardrop Engineering Inc. to prepare a NI 43-101 Technical Report which will provide an updated resource estimate to include drill results from the current ongoing 13,000 metre drill program. Work on the technical report is expected to be completed in February, 2008. If warranted, a feasibility report could be initiated upon completion of the updated NI 43-101 technical report.

The Company is revising the basic engineering to consider the possibility of processing 5,000 tonnes of mineralization per day. Some detailed engineering is currently underway in support of permitting, environmental and infrastructure. A contract has been signed to conduct a 900 tonne metallurgical test using mineralization from the previously drilled areas. At the end of September, 2007, over 5000 metres of diamond drilling had been accomplished. The overall drill program was expanded to 13,000 metres from 10,700. Drilling continues in order to further define the resources.

Background

The Company optioned the 3700-hectare cornerstone property from a subsidiary of Barrick Gold Corporation in October 2005. This property had previously been drilled with 12,500 metres (over 40,000 feet) of diamond drilling by the then operator, Pangea Peru S.A. Having exercised its option and acquired additional ground through staking, Andean now holds 22,200 hectares in the Invicta Project. The Company is working towards completion of a feasibility study, debt financing and bringing the project into production.

Environment

The proposed Invicta mine is going through an Environmental Impact Assessment as part of the operating permitting process. The approach is zero liquid effluent from the mine, which would exceed the already high governmental standards.

SINCHAO: 1,300 HECTARES (3,185 ACRES)

Exploration and Development

Four mineralized systems have been identified on the Sinchao Property: the Skarn Zone, the Breccia Zone, the High Sulphidation Epithermal Zone and the Massive Sulphide Lenses. Drill hole SDH-26, the first hole of the 2007 drill program at the Skarn Zone, intersected 10.25 metres grading 2.34% copper, 0.81 g/t gold and 26.4 g/t silver within a broader zone of 32.0 metres grading 0.78% copper, 0.30 g/t gold and 11.1 g/t silver. These are drill intersections and true widths have not yet been determined. Ongoing hand trenching has identified an additional four structures similar to the structure intersected in hole SDH-26. Eight areas have returned elevated gold-silver-copper-lead-zinc mineralization, over an area of approximately 400 metres by 400 metres. Hand trenching is continuing.

Drill hole SDH-11 is the first hole of the program at the Breccia Zone. This hole intersected significant mineralization. The interval of 77.3 to 271.4 metres assayed 0.43% copper, 0.69 g/t gold and 17.1 g/t silver over 194.1 metres, and the interval of 271.4 to 400.0 metres, the bottom of the hole, assayed 0.15% copper, 0.26 g/t gold and 5.3 g/t silver, for a total intersection of 322.7 metres grading 0.27% copper, 0.36 g/t gold and 9.6 g/t silver. These are drill intersections and true widths have not yet been determined. Chalcopyrite is the main copper sulphide over the entire length of the hole. Diamond drilling is continuing at the Breccia Zone.

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Background

The Sinchao property is located approximately 60 kilometres north of the city of Cajamarca in the district of Hualgayoc in northern Peru. The elevation of the property varies from 3,725 to 4,000 metres above sea level. Access to the property from Cajamarca is limited to a loose surface road, a trip that takes approximately 2 to 3 hours. The infrastructure in Cajamarca supports several other operating and potential mines and is steadily improving.

Initial geological mapping, surface sampling, induced polarization and ground magnetometer surveys were completed in 1996, followed by over 8,000 metres of drilling during 1997 and 1998. Although results were very encouraging, metal prices at the time were at all time lows and exploration was halted. Since 1998, Andean had consolidated its land position and in 2005 acquired 21 hectares contiguous with the existing Sinchao Property to complete its land acquisitions. The Sinchao Property area now totals 1300 hectares. In September 2006, Andean American Mining Corp. completed the transfer of its wholly owned subsidiary, Corporacion Minera Sinchao, holder of the Sinchao Property, to Sinchao Metals Corp. Andean holds 67% of Sinchao Metals Corp.

Environment

The Company has designed and is implementing a remediation program in respect of prior and current exploration activities under an agreement with the local communities and has initiated fieldwork. Remediation of pre-existing environmental conditions is an example of one of the benefits coming to the community as a direct result of the application of responsible exploration and mining practices.

The communities have agreed and signed formal agreements to allow the exploration program to proceed. There is an ongoing need to build continuous understanding of all stakeholders' concerns.

SANTA ROSA: 9,000 HECTARES (22,050 ACRES)

Project Activities

During fiscal 2007 operations at the Santa Rosa Mine were negatively affected by micro porosity and sulfur related problems. Stripping ratios have also deteriorated in the current benches and the processing of fresh ore has been halted until better ratios of ore to waste can be processed, thus the emphasis on recycled material. All production at Santa Rosa is focused on recycling of the 1.6 million tonnes of minerals already on the leach pads.

Background

The Santa Rosa mine is located 550 kilometres southeast of Lima, Peru, an eight-hour drive from Cuzco in the department of Apurimac, province of Grau. Santa Rosa is a fully permitted 1,185,000 tonnes per annum heap leach processing facility producing a gold and silver concentrate. Open pit mining methods are used to extract the ore, which is trucked less than three kilometres to the crushing plant. From there the fines are agglomerated and precious metals are recovered as a concentrate using sixteen columns in an ADR circuit and an electrowinning cell.

Production Related Stripping Costs

The operations and production for the Santa Rosa mine are all focused on recycling existing mineral on the pads. All development work in this area has been charged to cost of sales since commercial operations began.

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Environment

Operations at the Santa Rosa mine continue within a tightly defined leaching operation for the oxide ore from the North East structures zones 1 through 7 and the Southern Structures. All leaching activities take place on geo-mechanical membranes, which protect the soil from any intrusions. Proper secondary "major events" ponds are strategically placed in the event of torrential rains or other potential natural disasters. The site also holds more than the prescribed amount of hydrogen peroxide to neutralize any leachate, which may escape the ponds in the event of a natural disaster. There were no reportable violations of the environmental standards in the past 18 months. Some minor observations by inspectors during on-site visits have been promptly attended to.

Metal Production

The production target of 20,000 ounces of gold equivalents for fiscal 2007 was not met due to the metallurgical problems and limited financial resources. Production targets have been rolled back to reflect the current production levels, not the planned production levels. The mine is currently operating at the 10-11,000 ounces per annum rate. Staffing levels and skills have been adjusted accordingly.

MAMARA - NEW MAJOR TARGET (3,400 HECTARES)

No new work accomplished in this period.

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SANTA ROSA
MINE PRODUCTION DATA
QUARTERLY GOLD AND SILVER MINE PRODUCTION
(Since inception to September 30, 2007)

Quarter ending	Au ounces	Ag Eq. ozs¹	Total Au Eq.
September 30, 2007	1,891	349	2,240
June 30, 2007	1,534	315	1,849
Fiscal 2008	3,425	664	4,089
March 31, 2007	1,673	259	1,932
December 31, 2006	1,890	331	2,221
September 30, 2006	1,883	277	2,160
June 30, 2006	1,772	312	2,084
Fiscal 2007	7,218	1,179	8,397
March 31, 2006	2,528	197	2,725
December 31, 2005	2,923	233	3,156
September 30, 2005	4,245	471	4,716
June 30, 2005	5,852	522	6,374
Fiscal 2006	15,548	1,423	16,971
March 31, 2005	4,604	406	5,010
December 31, 2004	4,730	270	5,000
September 30, 2004	3,665	173	3,838
June 30, 2004	3,052	199	3,251
Fiscal 2005	16,051	1,048	17,099
March 31, 2004	2,627	136	2,763
December 31, 2003	2,275	83	2,358
September 30, 2003	1,440	58	1,498
June 30, 2003	1,385	65	1,450
Fiscal 2004	7,727	342	8,069
March 31, 2003	1,340	47	1,387
December 31, 2002	2,194	13	2,207
September 30, 2002	2,554	15	2,569
June 30, 2002	1,682	8	1,690
Fiscal 2003	7,770	83	7,853
March 31, 2002	536	4	540
*Start up Production	1,806	-	1,806
Totals to Date	60,081	4,743	64,824

¹ Quarterly gold equivalents from silver sales are the actual proceeds of silver sales divided by the actual gold price per ounce.

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OUTLOOK

Gold and silver prices are showing continued strength and at the date of this report are US\$810.75 and US\$14.65 per ounce, respectively. The Company's revenues will be negatively affected by any further strengthening of the Canadian dollar against the US dollar. Metal prices and currencies are subject to fluctuation due to changes in global economic conditions. The Company is experiencing rising production costs due to increasing prices for fuel, chemicals and maintenance supplies. These rising prices, driven by the global economic boom, are expected to continue into calendar 2008.

CAPITAL EXPENDITURES

Capital expenditures for the advancement of the Invicta project to a production decision are estimated to be \$3 millions. The Company is reviewing potential sources of debt financing for the Invicta project. Exploration expenditures for Sinchao are estimated to be US\$3 – US\$4 millions and will be funded from Sinchao Metals' cash resources and the proceeds from the exercise of its warrants. The Santa Rosa Mine and the development of surrounding properties is estimated to be \$750,000.

FINANCIAL REVIEW

Three Months Ended September 30, 2007 compared to the Three Months Ended September 30, 2006

For the three months ended September 30, 2007, the Company recorded a net loss of \$1,446,908 (2006 – net loss of \$7,495,800) and loss per share of \$0.023 (2006 - \$0.15 net loss per share). During the same period in 2006, the Company incurred a loss of \$6,086,167 on the sale of shares of Corporacion Minera Sinchao. Stock based compensation expense increased over the same period in the prior year. This increase was offset by decreases in direct operating costs because only recycled material was treated and in foreign exchange losses incurred. For the three months ended September 30, 2007, the production of gold equivalents was 2240 ounces (2006-2160 ounces)

Six Months Ended September 30, 2007 compared to the Six Months Ended September 30, 2006

For the six months ended September 30, 2007, the Company recorded a net loss of \$1,943,953(2006 – net loss of \$7,379,909) and a net loss per share of \$0.032 (2006 – net loss per share of \$0.143). During the same period in 2006, the Company incurred a loss of \$6,086,167 on the sale of shares of Corporacion Minera Sinchao. Aside from the loss on sale of shares, the increased net loss in this period was due to an increase in operating expenses, stock based compensation expense and general and administrative expenses and a decrease in revenue from the sale of metals. Factors involved include low volumes of material treated and higher unit costs from the processing of recycled material. These were offset by an increase in foreign exchange gains, which resulted from fluctuations in the foreign exchange rates. For the six months ended September 30, 2007, the production of gold equivalents was 4,089 ounces (2006 – 4,244 ounces). The average metal prices and exchange rates for the US dollar compared to Canadian dollars are shown in Table 2.

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Table 1 - Quarterly Financial Data

	Sept 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006
	\$	\$	\$	\$
Earnings and Cash Flow				
Net income (loss)	(1,446,908)	(497,045)	#####	(1,147,529)
Cash flow from operations	(332,846)	(1,375,579)	110,430	(508,286)
Earnings (loss) per share	(0.023)	(0.008)	(0.362)	(0.022)
Diluted earnings per share	(0.023)	(0.008)	(0.362)	(0.022)
Capital expenditures	2,033,250	697,924	746,515	913,446
Balance Sheet				
Total assets	43,363,206	#####	38,738,697	43,227,931
Long term debt	101,217	101,217	101,217	125,541
	Sept 30 2006	Jun 30 2006	Mar 31 2006	Dec 31 2005
	\$	\$	\$	\$
Earnings and Cash Flow				
Net income (loss)	(7,495,800)	115,891	343,016	(313,502)
Cash flow from operations	(943,273)	60,251	(142,063)	536,873
Earnings (loss) per share	0.002	0.002	(0.014)	(0.006)
Diluted earnings per share	0.002	0.002	(0.014)	(0.006)
Capital expenditures	-	1,440,862	808,890	1,659,150
Balance Sheet				
Total assets	48,312,051	#####	48,966,970	48,438,382
Long term debt	163,288	-	-	-

At September 30, 2007, the Company had an available cash balance of \$2,835,413.

REVENUES

Revenues are determined by sales volumes, metal prices and currency exchange rates. Comparative quarterly data for sales volumes and revenues at September 30, 2007 and 2006 are presented in Table 3.

Three Months Ended September 30, 2007 compared to the Three Months Ended September 30, 2006

Revenues for the three month period ending September 30, 2007 were \$1,509,389 compared with \$1,468,902 in the comparative period in 2006. The revenue increase in the present quarter was due to an increase in the volume of sales that was offset by the strengthening of the Canadian dollar..

Six Months Ended September 30, 2007 compared to the Six Months Ended September 30, 2006

Revenues for the six month period ending September 30, 2007 were \$2,637,941 compared with \$2,702,522 in the comparative period in 2006. The slight revenue decrease in the present period was due to a decrease in the volume of sales offset in part by higher metal prices.

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Table 2 - Metal Prices and Exchange Rates

	2008 Q1	2008 Q2	2007 Q1	2007 Q2
Gold (Average London PM fix-US\$/ounce)	660.08	680.13	626.37	614.00
Silver (Average NY spot-US\$/ounce)	12.62	12.70	11.85	11.06
Canadian/US\$ exchange rate	1.10	1.07	1.14	1.12
Gold (Canadian \$/ounce)	725.53	728.62	713.61	688.00
Silver (Canadian \$/ounce)	13.93	13.60	13.49	12.39
Peruvian Sol/US\$ exchange rate	3.15	3.16	3.26	3.24

Table 3 – Sales Volumes and Revenues by Quarter

	2008 Q1	2008 Q2
Sales Prices		
Gold (Canadian \$/ounce)	725.53	727.64
Silver (Canadian \$/ounce)	13.93	13.02
Sales Volumes		
Gold (ounces)	1,529	1,803
Adjustment in respect of Q1		(228)
Silver (ounces)	12,620	17,258
Adjustment in respect of Q1		1,014
Gold (equivalent ounces)	241	255
Adjustment in respect of Q1		15
Revenues \$	1,128,552	2,637,941

Table 3 – Sales Volumes and Revenues by Quarter

	2007 Q1	2007 Q2	2007 Q3	2007 Q4
Sales Prices				
Gold (Canadian \$/ounce)	700.11	687.89	696.31	764.55
Silver (Canadian \$/ounce)	13.07	12.41	13.83	14.82
Sales Volumes				
Gold (ounces)	1,467	1,864	1,870	1,964
Silver (ounces)	15,462	15,121	16,021	13,219
Gold (equivalent ounces)	288	273	314	255
Revenues \$	1,233,620	1,469,786	1,523,550	1,678,849

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COSTS AND EXPENSES

Direct Operating Costs

Three Months Ended September 30, 2007 compared to the Three Months Ended September 30, 2006

Direct operating costs for the quarter ended September 30, 2007 were \$1,642,335 compared with \$1,807,787 in the same quarter in 2006. The decreased costs were primarily due to improvements in the recycling process and the temporary halt to treatment of fresh material.

Six Months Ended September 30, 2007 compared to the Six Months Ended September 30, 2006

Direct operating costs for the six months ended September 30, 2007 were \$2,822,773 compared with \$2,712,675 in the same period in 2006. The increased costs in fiscal 2008 were primarily due to metallurgical problems in the first quarter.

Administration Expenses

Details of administrative costs for the periods ended September 30, 2007 and September 30, 2006 are as follows:

	3 months ended Sept 30 2007	3 months ended Sept 30 2006	6 months ended Sept 30 2007	6 months ended Sept 30 2006
	\$	\$	\$	\$
Administrative & management services	50,193	258,003	186,467	288,609
Bank charges	4,871	2,802	9,505	2,802
Depreciation	-	4,622	-	7,079
Investor relations	234,008	98,193	355,484	115,591
Office salaries and sundry	140,297	102,599	242,077	123,711
Office rent, parking, storage	11,778	16,361	20,446	16,445
Professional fees	122,599	75,972	128,467	80,018
Regulatory and transfer agent fees	14,606	13,795	20,474	14,821
Shareholder communications	-	10,858	-	13,718
Telecommunications	4,829	5,243	7,593	5,243
Travel and accommodation	24,515	34,362	40,109	39,339
	<u>607,696</u>	<u>622,810</u>	<u>1,010,622</u>	<u>707,376</u>

Andean American Corp.'s role as operator of the Sinchao project includes a services agreement for certain services contracted from El Misti Gold. The agreement provides for the reimbursement of direct costs plus 100% for indirect costs. Administration expenses in the quarter ended September 30, 2007 compared with the quarter ended September 30, 2006 have decreased due to the reallocation from administrative costs to project costs offset in part by increased investor relations activities, higher salary expenses arising from a staff resignation and increased professional fees. The increase in expenses compared to the comparative period in 2006 was a result of increased efforts in investor relations, increases in salaries and professional fees offset in part by the reallocation of costs from administrative costs to project costs.

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Income and Resource Taxes

The Company is subject to income taxes in Canada with the statutory income tax rate at 34.7% (2006: 34.7%). The Company's operating subsidiary, El Misti Gold, is subject to relevant income tax laws applicable in Peru with the statutory income tax rate at 30% (2006: 30%). No income tax has been payable in Peru in 2007 and 2006, however, Peruvian tax laws require that advanced income tax amounting to 2% of sales be paid each month which is recoverable when income tax becomes payable.

A valuation allowance has been recorded to reduce to nil the net benefit recorded in the financial statements related to future income tax assets. The valuation allowance is deemed necessary as a result of the uncertainty associated with the ultimate realization of these tax assets.

El Misti Gold, the Company's Peruvian subsidiary, has approximately \$1,279,687 in tax losses carried forward. These tax losses expire at December 31, 2010, if they are not utilized before that date.

The Company has accumulated losses for Canadian tax purposes of approximately \$1,685,113, which expire in various years to 2015.

As a result of the transfer of Corporacion Minera Sinchao to Sinchao Metals Corp., Sinchao Metals incurred a future income tax liability of \$4,970,205 representing the difference between the accounting and tax basis of costs incurred to date on the project.

The Company is subject to assessment by Canadian and Peruvian authorities, which may interpret tax legislation in a manner different from the Company. These differences may affect the final amount or the timing of the payment of taxes. When such differences arise the Company makes provision for such items based on management's best estimate of the final outcome of these matters.

FINANCIAL POSITION AND LIQUIDITY

Operating Cash Flow

Three Months Ended September 30, 2007 compared to the Three Months Ended September 30, 2006

Cash flow provided from (used by) operations in the quarter ended September 30, 2007 before changes to non-cash working capital item was (\$332,846) compared with (\$943,273) in the comparative quarter for 2006. The improvement was primarily due to temporary halt to the treatment of fresh material.

Six Months Ended September 30, 2007 compared to the Six Months Ended September 30, 2006

Cash flow provided from (used by) operations in the six month period ended September 30, 2007 before changes to non-cash working capital item was (\$1,708,425) compared with (\$713,854) in the comparative period for 2006. The decrease was primarily due to increases in cost of sales, administrative expenses and accounts receivable in respect of sales tax recoveries.

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Investing Activities

Three Months Ended September 30, 2007 compared to the Three Months Ended September 30, 2006

Capital expenditures in the quarter amounted to \$2,033,250 mainly for exploration in the Invicta Project and equipment and property acquisitions. In the same quarter for 2006 capital expenditures were \$69,960 mainly for exploration and plant refinement costs.

Six Months Ended September 30, 2007 compared to the Six Months Ended September 30, 2006

Capital expenditures in the six month period ended September 30, 2007 amounted to \$2,731,174 mainly for exploration in the Invicta Project and equipment and property acquisitions. In the same period for 2006 capital expenditures were \$1,402,285 mainly for exploration and plant refinement costs.

Financing Activities

Three Months Ended September 30, 2007 compared to the Three Months Ended September 30, 2006

During the quarter ended September 30, 2007, the Company issued 10,000 common shares for net proceeds of \$8,500. Sinchao Metals Corp. (SMC) also issued 7,500 shares for net proceeds of \$7,500. The scheduled payment for the purchase of the Paraccay property of Santa Rosa was \$60,395.

During the quarter ended September 30, 2006, Sinchao Metals Corp. issued common shares for net proceeds of \$144,926. The scheduled payment for the purchase of Paraccay property at Santa Rosa was \$67,623 and the payment of lease agreement was \$26,758.

Six Months Ended September 30, 2007 compared to the Six Months Ended September 30, 2006

During the six months ended September 30, 2007, the Company issued 11,377,538 common shares for net proceeds of \$6,339,936. Sinchao Metals Corp. (SMC) also issued 4,705,000 shares for net proceeds of \$712,500. The scheduled payment for the purchase of the Paraccay property of Santa Rosa was \$88,127.

During the six months ended September 30, 2006, the Company issued common shares for net proceeds of \$17,500. Sinchao Metals Corp. also issued common shares for net proceeds of \$2,644,926. The scheduled payment for the purchase of Paraccay property at Santa Rosa was \$145,724 and the payment of lease agreement was \$54,144.

Cash Resources and Liquidity

At September 30, 2007, the Company had net cash available of \$2,835,413 (2006 - \$1,362,553) and long-term debt of \$101,217 (2006 - nil).

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Table 4 - Quarterly Earnings and Cash Flow	2008 Q2	2008 Q1	2007 Q4	2007 Q3
	\$	\$	\$	\$
Revenues	1,509,389	1,128,552	1,678,849	1,523,550
Operating profit	(960,517)	(943,882)	29,782	(927,686)
Net earnings	(1,446,908)	(497,045)	(11,019,846)	(1,147,529)
Earnings (loss) per share	(0.023)	(0.008)	(0.210)	(0.022)
Cash flow from continuing operations	(332,846)	(1,375,579)	430,394	(508,286)

Table 4 - Quarterly Earnings and Cash Flow	2007 Q2	2007 Q1	2006 Q4	2006 Q3
	\$	\$	\$	\$
Revenues	1,469,786	1,233,620	1,911,992	1,555,666
Operating profit	(696,444)	129,700	936,495	149,413
Net earnings	(7,495,800)	115,893	343,016	(313,502)
Earnings (loss) per share	(0.150)	0.002	0.010	(0.006)
Cash flow from continuing operations	(943,273)	166,434	(485,274)	(1,150,678)

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. The Company believes the claim is without merit.

OTHER INFORMATION

Off - Balance Sheet arrangements

The Company has no off-balance sheet arrangements.

Changes in Accounting Policies

The Company has no changes in accounting policies.

Outstanding Share Data

As at November 27, 2007, there were 63,786,027 issued common shares 5,132,700 stock options outstanding and exercisable at prices ranging from \$0.65 to \$1.25 per share and 6,637,896 warrants outstanding which expire on November 28, 2007 and May 29, 2009 with exercise prices ranging from \$0.85 to \$1.00 per share.

Cease Trade Order

On August 2, 2007 the British Columbia Securities Commission (BCSC) issued a Cease Trade Order for Andean American Shares citing a failure to file a technical report and non-compliant disclosure. The Commission staff found that the October 2006 Invicta Technical Report was not completed in accordance with National Instrument 43-101 and Form 43-101F1. The Company filed a revised and amended NI 43-101 Technical Report with SEDAR on October 22, 2007 and corrected its non-compliant disclosure. The BCSC revoked its Cease Trade Order on October 22, 2007 and the TSX Venture Exchange reinstated the Company's shares for trading on October 25, 2007.

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RISK AND UNCERTAINTIES

Exploration and Development

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for this stage of exploration and development of such properties, these procedures including confirmation by the government's Mine Registry Offices and National Cadastral Plans do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. The costs and results of the exploration and development programs affect the Company's profitability and value. Exploration for minerals involves many risks and may not result in any new economically viable mining operations or yield new reserves. Acquiring title to mineral properties is a detailed and time-consuming process. The Company takes steps to verify and secure legal title to mineral properties in which the Company has or is seeking an interest. Although the Company takes every precaution to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured on every property. The legal title to our properties depends on the appropriate and consistent application of the laws in the countries in which we operate.

Capital and Operations

The recoverability of the amounts capitalized in respect of non-producing mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the properties, and upon future profitable production or proceeds from the disposition of the properties. The business of mining involves many operational risks and hazards.

Through high operational standards, an emphasis on hiring and training appropriately skilled personnel and operational improvements, the Company works to reduce the risks associated with our projects. The Company maintains adequate insurance to cover normal business risk. The Company also relies on a number of key employees. The Company's success depends on attracting and retaining qualified personnel in a competitive labour environment. Further exploration and development of mineral resource properties or acquisitions beyond our current operations may require additional capital. Accordingly, the continuing development of projects will depend on the Company's ability to obtain financing through joint venture projects, debt financing and equity financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

Environment

The Company is in compliance of the material regulations applicable to its exploration activities. Existing and possible future environmental regulations might cause additional expenses, capital expenditures and delays in the operations of the company, the extent of which cannot be predicted. The Company's activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. The Company must obtain governmental permits and provide associated financial assurance to carry on certain activities. The Company is also subject to various reclamation-related conditions imposed under federal, state or provincial air, water quality and mine reclamation rules and permits. While the Company has budgeted for future capital and operating expenditures to maintain compliance with environmental laws and permits, any future changes to these laws could adversely affect the Company's financial condition, liquidity or results of operations.

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Laws and Regulations

The Company's exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. These laws and regulations are subject to change, which may restrict our ability to operate. The Company draws on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws, and fosters open communication and co-operation with regulatory bodies.

Legal Proceedings

The nature of the business may subject the Company to regulatory investigation, claims, lawsuits and other proceedings in the ordinary course of business. The Company cannot predict the outcome of any legal proceedings with certainty.

Currency Fluctuations

The Company operates in Canada and Peru and the Company is therefore affected by currency fluctuations in these jurisdictions.

Political Risk

The Company conducts operations outside of North America, namely in Peru. These operations are potentially subject to a number of political, economic and other risks that may affect its future operations and financial position.

CAUTION ON FORWARD-LOOKING STATEMENTS

The Management's Discussion and Analysis contains forward-looking statements concerning anticipated developments for the Company in future periods. Forward-looking statements often, but not always, contain words such as "believes", "intends", "anticipates", "estimates", "intends", "potential" and similar words or statements that certain conditions or results "may", "should" or "could" happen or occur. These forward-looking statements are found primarily under the heading "Outlook". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or other future events, including forecast production, earnings and cash flows, to be materially different from any future results, performances or achievements or other events expressly or implicitly predicted by such forward-looking statements. Andean American's forward-looking statements are based on the expectations and opinions of management on the date that the statements are made and the Company does not assume any obligation to update forward-looking statements if circumstances change. For the above reasons, investors should not place undue reliance on forward-looking statements.

QUALIFIED PERSON

The technical disclosure in this Management's Discussion and Analysis been reviewed and approved by Mr. Andrew Gourlay, P. Geol., President of Andean American Mining Corp., and a Qualified Person as defined by National Instrument 43-101.