

## **Santa Rosa Commercial Production - Non Cash Costs**

Vancouver, BC, May 13, 2002 - Andean American Mining Corp. is pleased to provide an update on its 100% owned Santa Rosa Property, Peru. The Santa Rosa Property which recently commenced commercial gold production is comprised of 13,440 hectares (32,830 acres) located approximately 550 kilometres southeast of Lima, Peru.

Production Costs at the Santa Rosa Project for both the pilot plant and the expanded plant will have continuous variations to their unit costs. The categories of cost are:

- 1) Cash cost of production per ounce of gold (cash costs); and
- 2) Non Cash Costs amortized over the resource estimate.

### **Cash Costs:**

Cash Costs include all costs incurred to produce an ounce of gold including labour, equipment, chemicals, consumables, management, recovery, refining and sales costs. These costs will generally go up compared to budget when production is less than budgeted and will generally go down compared to budget when production is more than budgeted. Currently, cash costs are being audited and will be released when available.

### **Non Cash Costs:**

Non cash costs are more stable than cash costs in that they represent costs incurred to attain commercial production. These costs include property acquisition and exploration (initial and ongoing). Capital costs for the production plant facilities include infrastructure, pit development, shops, laboratories, crushing, adsorption, desorption and recovery. These costs are totalled and then divided by the estimated recoverable ounces of gold to determine a non-cash cost per ounce of gold. At March 31, 2002 Non Cash Costs stood at \$55.16 per ounce. Exploration costs will add to non cash costs but will eventually also add to the resource base.

### **Silver Credits**

All revenues derived from silver sales are used to reduce monthly operation costs. Currently the project is operating without the benefit of a silver precipitate circuit. When installed and fully functional, the silver precipitate circuit should make a significant contribution to reduction of operating costs (i.e. greater than 25%).

Andean American's objective is to create shareholder value through low cost mine development. At Santa Rosa, through higher process rates and continued process refinements the aim is to have production costs in the lowest quartile for the industry. The mine is now in commercial production and this is seen as a realistic goal as Peru is host to two of the world's lowest cost producers of gold, Yanacocha and Pierina- both of which are high altitude heap leach operations.

To find more about Andean American Mining Corp. (TSX: AAG), visit our website at [www.andeanamerican.com](http://www.andeanamerican.com). For further information, please contact: John Devlin at 1-866-7-885-0484 and [jdevlin@andeanamerican.com](mailto:jdevlin@andeanamerican.com) or the Company at: (604) 681-6186 or toll free 1-888-356-4784 and email: [info@andeanamerican.com](mailto:info@andeanamerican.com)

On behalf of Andean American Mining Corp.,

"John F. Huguet"  
John F. Huguet  
President & CEO

