

The Santa Rosa Project – Virundo Zone Exploration Results

Vancouver, BC, July 12, 2002 - Andean American Mining Corp. is pleased to provide initial results from its ongoing exploration program of the Virundo Zone within the Santa Rosa Property in southern Peru. The Santa Rosa Property is within the southern Intercordilleran Belt of the Peruvian Andes and is approximately 550 kilometres southeast of Lima. The Santa Rosa Mine is mining the Open Pit Zone, a structurally controlled epithermal deposit. The 13,440 hectare Santa Rosa Property is 100% owned by Andean American.

The Virundo Zone is located 8.5 km by road from the Open Pit Zone. The area is underlain by a thick sequence of the Cretaceous-aged Ferrobamba limestones (the same host rocks as the Santa Rosa Dome mineralization) and has the shape of an antiform. A majority of the known mineralization occurs throughout the southern slopes of this east-west trending antiform. New outcrops of favourably altered limestone have recently been found on the northern slopes so there is now potential that the northern slopes may also contain favourable alteration and/or mineralization. Currently the Virundo Zone is 2.0 km by 1.1 km as defined by outcrops of favourably altered limestone. The zone is open in all directions.

The Virundo area has seen previous production, as there are three separate areas in the western portion of the zone with old workings. In total 23 old adits have been identified to date. The age of these workings is unknown but the presence of kimbaletas (milling stones) indicates that the Incas or colonial Spanish did a majority of this mining. Several of these adits have been entered and it is apparent that they were mining narrow (15-20 cm) quartz-rich veins. How this mineralization relates with the seemingly more extensive mineralization to the east is not yet understood.

In the southern area of the Virundo Zone the access road cuts 210 meters of favourably altered limestone cross-cut by apophyses (fingers) of a very fine grained strongly altered intrusive. The favourable alteration consists of the rock being predominately altered to clay, local quartz veining and/or silica fragments and the presence of a weak stockwork containing manganese oxides. The initial 20 meters of this road-cut were sampled with 2 metre samples and averaged 0.52 g/t gold. The highest value was 2.02 g/t and the lowest was <0.03 g/t, thus showing the variable nature of the mineralization through these altered zones. Typically, the altered intrusive does not carry gold values. The remaining alteration zone needs additional bulldozer work before sampling continues.

Immediately above this road cut a series of trenches were dug in the hillside. The lower trench intersected similarly altered limestone with inter-fingering of intrusive. Sampling only resulted in anomalous values up to 0.53 g/t gold. The upper trench, however, intersected 25 metres of siliceous mineralization. The mineralization is strongly fractured and consists predominantly of silica replaced limestones (and minor siltstones), massive vuggy silica and clay. The presence of clay possibly indicates that this is within the supergene alteration zone above the mineralized body. This 25 metre section has an average grade of 2.33 g/t gold and 29.5 g/t silver. The lowest grading 2 metre sample was 1.13 g/t gold whereas the highest grade encountered was 3.86 g/t gold.

The slopes of the Virundo area are almost entirely covered by cultivated land. Outcrops are rare and loose boulders and rocks are locally the only indication as to what rocks occur in the area. This loose material locally consists of silicified limestone, clay altered limestone, replacement silica and banded and/or vuggy silica thought to be from veins. Sampling of this loose material has resulted in many anomalous values and one area (loose rocks from 10m² area) even graded 1.2 g/t gold. Although the sources this loose material have yet to be found in outcrop their presence gives the indication that not only are here similar rocks, mineralization, and alteration as the Santa Rosa Dome occurring in Virundo but that there is gold in the mineralizing system.

Throughout the area this loose material has been roughly mapped to give an indication of the potential source areas.

Through this work three additional high priority areas have currently been identified within the large zone and hand dug trenching is underway. Combined, these three areas form a target greater than 450 meters in length. This new area is approximately 500 metres north and 160 vertical metres above the previously described southern area. This area is now called central Virundo. The north of this area coincides with an approximately 150 m² area of outcropping silicified limestone with a quartz/manganese oxide stockwork. A very similar stockwork is seen throughout the Santa Rosa Dome. These new trenches will be sampled when they have a minimum depth of 2 metres.

The exploration program in Virundo will continue with the hand digging of trenches in the most favourable areas. Ultimately, a bulldozer will be used to link the best trenches and create access roads for a potential drill program.

Management has dedicated 25% of future profits from the mining operation of Santa Rosa towards exploration. As profits are projected to increase over the coming year the exploration program will grow accordingly. There is now a team dedicated solely to the exploration of the approximately 13,000 hectares of virgin land within the Santa Rosa Property. Exploration is currently concentrating on the Carelo Zone, the Virundo Zone and potential extensions of the Open Pit Zone with the Santa Rosa Dome.

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. For further information, please contact John Devlin at 1-8667-885-0484 and jdevlin@andeanamerican.com or the Company at (604) 681-6186 or toll free 1-888-356-4784 and email info@andeanamerican.com

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