

## Andean Reports Increased Gold Sales

Vancouver, BC, August 13, 2002 - Andean American Mining Corp. (TSX-V:AAG) is pleased to provide this update on financial results for the quarter ended June 30, 2002.

This is the second consecutive quarter the Company has had operating income from the Santa Rosa mine. Although measured against a humble beginning, the quarter over quarter comparisons are indicative of significant improvements on the income statement in sales (up over 400%) and earnings from operations (up over 800%). The quarter still shows an overall loss for the period of \$120,458 Canadian (down over 50% on a comparison to the quarter ending June 30, 2001), but equally humble at less than 0.004 cents Canadian per share.

The significant balance sheet items for the quarter are:

- Current assets increased by \$558,365 including over 4,000 ounces of gold recorded at cost of production
- Plant and equipment assets increased by \$417,251
- Liabilities decreased by \$155,735
- Shareholders equity increased by \$991,448

### INCOME STATEMENT FOR THE THREE MONTHS ENDED JUNE 30, 2002 AND 2001

	2002 \$	2001 \$
<b>SALES OF GOLD</b>	<u>760,468</u>	-
<b>COST OF SALES</b>	422,649	-
<b>DEPRECIATION AND DEPLETION</b>	92,308	-
<b>RECLAMATION</b>	2,484	-
	<u>517,441</u>	-
<b>EARNINGS FROM MINING OPERATIONS</b>	<u>243,027</u>	-
<b>ADMINISTRATIVE EXPENSES</b>		
Administrative and management services	23,117	23,023
Bank charges	2,041	622
Depreciation	2,168	1,774
Investor relations	18,487	20,898
Office salaries and sundry	111,013	44,418
Office rent, parking, storage	17,224	22,100
Professional fees	19,210	4,898
Regulatory and transfer agent fees	3,991	1,817
Shareholder communications	4,601	687
Telecommunications	5,571	4,676
Travel and accommodation	4,633	8,056

	<u>212,056</u>	<u>132,969</u>
<b>INCOME (LOSS) BEFORE OTHER ITEMS</b>	<u>30,971</u>	<u>(132,969)</u>
<b>OTHER ITEMS</b>		
Foreign exchange gain (loss)	28	(1,401)
Interest on long-term debt and financing charges	(151,457)	(124,324)
Interest income	-	95
	<u>(151,429)</u>	<u>(125,630)</u>
<b>LOSS FOR THE PERIOD</b>	(120,458)	(258,599)
<b>DEFICIT - BEGINNING OF PERIOD</b>	<u>(15,888,407)</u>	<u>(14,903,618)</u>
<b>DEFICIT - END OF PERIOD</b>	<u>(16,008,865)</u>	<u>(15,162,217)</u>

#### BALANCE SHEET

	As at June 30, 2002 \$	As at March 31, 2002 \$
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash	106,944	58,314
Accounts receivable	58,271	33,816
Inventories	<u>1,121,095</u>	<u>635,815</u>
	1,286,310	727,945
<b>MINERAL PROPERTIES, DEFERRED COSTS AND PLANT AND EQUIPMENT</b> (Note 3)	32,038,171	31,602,920
<b>OFFICE EQUIPMENT</b>	9,654	11,822
	<u>33,334,135</u>	<u>32,342,687</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	1,469,888	1,610,008
Accrued interest payable	274,025	124,892
Current portion of debentures	3,975,896	4,100,000
Loans payable	<u>1,355,023</u>	<u>1,398,151</u>
	7,074,832	7,233,051
<b>DEBENTURES</b>	950,702	950,702

<b>PROVISION FOR RECLAMATION</b>	<u>5,330</u>	<u>2,846</u>
	8,030,864	8,186,599
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL (Note 4)</b>	41,312,136	39,892,686
<b>SHARE SUBSCRIPTIONS RECEIVED</b>		126,143
<b>DEFICIT</b>	<u>(16,008,865)</u>	<u>(15,862,741)</u>
	25,303,271	24,156,088
	<u>33,334,135</u>	<u>32,342,687</u>

Production highlights for the quarter ended June 30, 2002 and the month ended July 31, 2002.

July's production improved again on June's and set a new standard for average grade for a month. During July, in fact, there was a 40% increase in grade and a 16% production increase over June resulting in a combined 65% increase in ounces produced for the month. Our priority has now shifted to enhanced recoveries. The trend is definitely improving with increased production and improved gold grade (42% lower cash cost July over June) The projected production for August and September should see continued improvement from increased production but will probably stay flat on grade or possibly diminish.

#### Commercial Production Costs (all in US\$)

	<i>Quarter ending June 30, 2002</i>			
	April	May	June	July
Tonnes produced	18,994	20,024	25,335	29,426
Head grade – Gold /ton	2.62 g	2.58 g	2.44 g	3.42 g
Costs per tonne	\$9.50	\$9.47	\$8.51	\$8.50
Production costs	\$180,443	\$189,627	\$215,601	\$252,475
Recoverable ounces produced	1,115	1,158	1,363	2,255
Ounces shipped	440	555	631	758
Ounces inventoried	675	602	732	1,497
Cash cost/oz Gold	\$161.93	\$163.75	\$158.18	\$111.96
After silver credits	\$158.15	\$160.09	\$153.33	\$107.35
Non cash costs	\$44.54	\$44.54	\$44.54	\$44.54
Total cost per ounce	\$202.69	\$204.63	\$197.87	\$151.89

#### No. 2 Crusher Expansion Project

Testing of components has begun in the expansion for the ADR plant. The new crushing plant (Crusher # 2) should see testing in September. The start up curve will be gradual between September and calendar year end. This is later than planned due to revisions in the feed hoppers and chutes.

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-V: AAG) visit our website at [www.andeanamerican.com](http://www.andeanamerican.com). For further information, please contact John Devlin at 1-866-885-0484 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 Huguet"

President & CEO

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