

Andean Agrees with Newmont

Vancouver, B.C., May 5, 2003. Andean American Mining Corp. (TSX-V:AAG) is pleased to announce the signing of a binding Letter of Intent (LOI) entered into on April 29, 2003, with Newmont Peru Limited, a wholly owned subsidiary of Newmont Mining Corporation. (NYSE: NEM), to explore and if warranted, develop the Santa Rosa Property.

The 18,959 hectare Santa Rosa Property, of which approximately 18,259 hectares are subject to the LOI (the "Property") is controlled by Andean American Mining Corp. The Property is located within the southern intercordilleran belt of the Peruvian Andes and is approximately 550 km southeast of Lima. Specifically, the Property excludes the Santa Rosa mine site and Andean's current actual exploration areas totaling approximately 700 hectares.

The parties have agreed to execute the definitive agreement within three months of this date.

The definitive agreement will incorporate the following agreed terms:

- Andean shall deliver good title to the Property.
- Newmont may earn a 51% undivided participating interest once the following conditions are met:
 - Newmont shall subscribe for a US\$600,000 unit of common shares and a share purchase warrant. Such US\$600,000 payment will be released from escrow once the definitive agreement is executed.
 - Newmont shall expend a cumulative US\$7.0 million (approximately \$10 million Canadian) within the Property over 4 years, and
 - Newmont shall successfully identify a 1.0 or greater million ounces inferred gold resource, a portion of which shall meet the definition of a measured and/or indicated resource (the "Identified Resource").

- Newmont may earn a 49% participating interest if the Identified Resource is less than 1.0 million ounces of gold but more than 500,000 ounces, or Newmont may earn a 3% Net Smelter Royalty if such Identified Resource is less than 500,000 ounces but more than 250,000 ounces.

- Newmont can withdraw from the agreement at any time.

- Should Newmont earn a 51% controlling interest in the joint venture, Newmont would become the Operator, and at Andean's discretion, Newmont shall have a one time option to earn an additional 9% undivided interest in the property, by expending an additional US\$3.0 million over an additional 2-year period.

- The Operator, on behalf of the joint venture shall have the option to acquire the Santa Rosa Mine site, by paying Andean in cash in accordance with a formula to be agreed by the parties, if the following conditions are met:
 - Andean has discontinued production for 2 years or more, or
 - A feasibility report demonstrates that average quarterly cash flows to Andean during the first 3 years of production, as a joint venture participant, are higher than

the Santa Rosa Mine average cash flows, during the 4 quarters which immediately precede any production from the joint venture.

- The parties shall contribute to the programs and budgets in proportion to their respective participating interests.
- If a non contributing party dilutes itself below a 10% interest, such party shall be converted to a 3.0% NSR and the other party would then hold a 100% participating interest in the Property.
- The Operator will provide programs and budgets for the calendar year. The non operating party will have 60 calendar days to determine if they will participate withdraw or be diluted. Penalty for stating participation and failing to contribute will double the dilution.
- Governing Law, the agreement will be governed by the laws of the State of Colorado, USA and the laws of Peru.

We have spent the time with Newmont and other operating partners to be convinced they are the right partners for Andean. Their technology and Peruvian experience is second to none. In Newmont, we have the assurance of determining the real value of our properties for our shareholders, and in realizing that value for the shareholders of both our companies.

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. 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, which are both high altitude heap leach operations.

To find out more about Andean American Mining Corp. (TSX-V: AAG), visit our new website at www.andeanamerican.com . For further information, please contact: John Devlin at 1-866-885-0484 and jdevlin@andeanamerican.com or Windward Communications at 1-866-583-6300 or the Company at: (604) 681-6186 or toll free: 1-888-356-4784 and email: info@andeanamerican.com

On behalf of Andean American Mining Corp.,

"John Huguet"
President & CEO

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