

Corporate Update

Vancouver, B.C., August 1, 2003. Andean American Mining Corp. (TSX-V:AAG) is pleased to provide this corporate update on various issues surrounding developments at the Santa Rosa Mine, located in the Department of Apurimac, Province of Grau, 550 kilometers south east of Lima, Peru.

NEW INVESTMENT FOR EXPANDED PLANT AND EQUIPMENT CAPACITIES

Following a thorough Production review for results for the Quarter ended June 30, 2003 and as a direct result of the July site visit, significant new investment decisions have been made. These are:

PIT DEVELOPMENT: - EQUIPMENT ACQUISITIONS

- 3 additional Excavators, 1.8 to 2.0 cu. meter capacity
- 2 additional Caterpillars, D7
- 1 Front End Loader, 3.5 cu. meter capacity

Plus the attendant transportation and communications equipment required to increase the pit development and mineral/waste handling capacity to 10 – 12,000 tonnes per day.

PLANT EXPANSION – EQUIPMENT AND CAPACITY ACQUISITION

- 30,000 sq. meters additional leach pads (bringing total to just over 60,000)
- Carbon – Thermal Regeneration Plant
- Carbon Columns – 4 x 1000 kgs
- Pregnant Solution Pond – tripling capacity
- Barren Solution Pond – doubling capacity
- Major Events Pond – tripling capacity
- New Clay Separation Circuit - including fines, agglomeration cure and separate sulfide treating capacity.
- Additional transformers, condensers, electrolytic cells and pumps.

PLANT INFRASTRUCTURE

- New haul roads
- New Virundo access
- Camp expansion, including recreation facilities

DIAMOND DRILL PROGRAM

- For newly discovered Structures 1 through 8
- For determining full depth of Southern Structure
- For definition of Carelo, both North and South
- To allow resource/reserve calculations to be completed and published.

The Directors are highly encouraged by the pit development/exploration program for the first six months of this year. Particularly, the continuity and improving grades as additional trenches are opening up. The clays, which have plagued recoveries all year have finally been isolated and an entire new treatment regime is addressing their special needs. Since the beginning of July we have zero clay tolerance for normal pit operations. The first new modules are testing well with the kinetic curve up to 30% after 8 days and pregnant solution over 1 kg, the type of results we have been awaiting all year. The objective is to maintain a highly disciplined pad operation, which allows treatment of 3 distinct mineral types:

1st - Coarse and fines at 3" minus on separate modules of 2.5 to 3.0 meters height (as determined by recovery rates).

2nd - Clays and fines, following agglomeration and curing on separate modules of 0.80 meters height.

3rd - Recycled existing on pad mixed materials to be reprocessed and reformulated to separate and attack clays. There is over \$11 million U.S. in gross metal values on the pads as of July 31, 2003. This, when flowing will substantially add to cash flow.

These are expensive but necessary and justified investments which cannot be accomplished in the current season without the infusion of additional capital

The Company is working on a debt financing which continues but has been delayed until late August. In order to fund these investments, the Company will do a new equity issue.

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 1-866-238-1185 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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