

## Update on Financial Results

Vancouver, B.C. August 20, 2003. Andean American Mining Corp. (TSX-V:AAG) is pleased to provide this update on financial results for the year ended March 31, 2003.

### Consolidated Statement of Operations For 12 months ended March 31, 2003 (Audited)

	2003 \$	2002 \$
Revenue from Gold Sales	4,086,317	183,664
Cost of Sales	2,758,723	131,871
Depreciation and Depletion	625,430	21,689
Reclamation	12,938	2,849
	3,397,091	156,406
Income from Mining Operations	689,226	27,258
Administrative Expenses	1,558,892	763,540
Other Expenses	4,457	24,270
Interest on Long Term debt	621,879	473,567
Net Income (Loss) for the Year	(1,496,,002	(1,234,119)
Loss per Share	\$0.06	\$0.06

### Consolidated Balance Sheets For 12 months ended March 31, 2003 (Audited)

Cash	112,475	58,314
A/R and Prepaids	345,246	33,816
Inventories	1,432,039	635,815
	1,890,260	727,945
Mineral Properties	33,772,538	31,602,920
Other	50,253	11,822
	35,713,051	32,342,687
Current Liabilities	5,221,720	7,233,051
Debentures	2,767,351	950,702

Reclamation Provision	15,784	2,846
Shareholders' Equity	27,708,196	24,156,088
	35,713,051	32,342,687

During the year ended March 31, 2003, the Company sold 7,770 ounces of gold to generate revenue of \$4,086,317. A significant achievement for a junior resource company in its first year of commercial operations. The results for the year were negatively impacted by the pervasive presence of clays which reduced gold recoveries and added to our operating costs during fiscal 2003. A solution for dealing with clays was developed and implemented subsequent to year end. Significant optimism surrounds the current operations at the leach pads where the cinetic curve for Modules 86 and 87 are the first to operate in the clay free approach to leaching. Importantly, the cinetic curves for Modules 86 and 87 show the kind of recovery we have worked towards over the past 16 months:

Module 86 – 24 days - 57.3% recoveries

Module 87 – 14 days - 34.7% recoveries

The efforts of the Company's staff at the Santa Rosa mine cannot be understated. General and administrative expenses were up significantly in 2003. The increase was mainly due to increased costs of maintaining the Peru office and also charging to operations all overheads for Peru. In previous years, Peru costs were deferred as the Company was not in operation. Interest expense was up as the Company's production debentures were outstanding all year and these bear interest at 12% whereas the predecessor Series C and D debentures carried interest rates of 8% and 7.5% respectively. The Company's balance sheet continues to improve. The Company's working capital deficit decreased substantially from \$6.5 million to \$3.3 million. Substantial progress was made after March 31, 2003 in reducing accounts payable. Refinancing of the Company's debentures remains a focus for fiscal 2004.

For follow up enquiries, please contact:

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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](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 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](mailto:info@andeanamerican.com)

On behalf of Andean American Mining Corp.,

"John Huguet"  
President & CEO

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