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Diamond Drill Program Kicks Off

Andean American Mining Corp. (TSX-V: AAG) is pleased to announce they have initiated the 4,200 meter diamond drill program at their Santa Rosa Mine located in Southern Peru, 550 kilometers south east of Lima.

The Driller

The company has retained the services of L.G.R. Drilling Company to perform the initial 4,200 meters of Diamond Drilling. Mobilization takes place the week of January 19, 2004. This will be a two drill program initially with a third drill mobilized 2 weeks later. Key features of the contract include a 95% recovery of drill core provision. The schedule will take 39 working days with three drills.

The People

The company has retained Ian J. Foreman, B.Sc.H., P.Geo., Consulting Geologist, of Foremost Geological Services to supervise, design programs and interpret results relative to the entire 2 phase drill program (both the 4,200 meters and the 20,000 meter programs). The company has also retained AMEC (Peru) S.A., a division of AMEC E & C Services Limited, to provide Quality Assurance, Quality Control and 43-101 fully compliant technical reports as Qualified Persons including new resource estimates and reserve calculations when they become necessary. For this contract, key personnel are: Mr. Rob Cinits, P. Geo., Project Manager and Qualified Person, Mr. Doug Reddy, P. Geo, Reviewer and Qualified Person/Principal Geologist, Dr. Armando Simon, PhD, Geologist plus additional Qualified Persons as Process Engineer, Mining Engineer and Geographer/Environmental Engineer. (Mr. Cinits has worked for Andean as a Qualified Person previously on the Santa Rosa Mine).

The company has also hired a new Superintendent of Geologists & Quality Control, Mr. Orlando Zavala, Engineer, Geologist. Zavala spent the last 10 years at the SIPAN heap leach gold mine in Northern Peru, most recently as Department Chief – Exploration. He also brings many years of experience from Buenaventura, Placer Dome and Southern Peru Copper.

The Company has also hired G.C. Calvo Martin, M.Sc.A, P. Geo., as an expert consultant to run the field Diamond Drill Program. Gustavo Calvo received his Masters in applied sciences, from McGill University in Montreal, Canada, winning the J.S. Stevenson Medal of excellence in his final year. This was followed by two years at the University of Madrid with the equivalent of a Business Administration Major. His work as an expert in diamond drilling and analysis includes assignments with BHP Billiton, Comarsa, Buenaventura, Peñoles, Flemings Latin Pacific and Estudios Mineros del Peru. Prior to this Calvo spent 5 years with Cyrus Management most recently as Project Manager on a copper gold silver molybdenum property in Apurimac, Peru.

The Program

The Diamond drill program will focus on providing additional information on grade, continuity and depth for the already well identified near surface discoveries in the

Open Pit Zone, the North Zone, the North East Zone and Structures 1-8, plus Carelo North and South. The identified bodies known collectively as the expanded Open Pit Zone are contained in an area 750 meters by 460 meters at surface. The Carelo Zones collectively cover 300 meters by 300 meters . This first program will test 28 holes to 150 meters depth.

The objective of this program is to get at least to inferred resources. A technical report will be prepared and delivered approximately 30 days after drilling completes. If successful, this first program will be followed by a second 20,000 meter, six drill diamond drill program which would have as its objective to take the calculation of resources or reserves as far as the actual results will allow.

A final technical report will also be prepared, fully 43-101 compliant, upon the conclusion of the entire 2 phase drill program. While all the risks are present in any drill program, the tremendous amount of information obtained from the thousands of percussion drill holes, the previous diamond and reverse circulation drilling, the trenching, scaling and surface sampling completed over the past several years has led management to have a high degree of confidence for a successful drill program.

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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