

Andean American Reports 2nd Quarter Results

Vancouver, B.C., November 18, 2004. The Board of Andean American Mining Corp. (TSX-V:AAG) is pleased to provide the full Management Discussion and Analysis for the quarter ended September 30, 2004. Andean reports financial results from operations at the Santa Rosa Mine, located in South East Peru and the ongoing activities in corporate developments achieved during the period. Management's Discussion and Analysis should be read in conjunction with the most recent annual and quarterly financial statements.

The second quarter was highlighted by the following activities at the Santa Rosa Mine site.

OPERATIONS (As reported October 15, 2004)

Gold stacked on leach pads was 8,256 ounces in the quarter, up 125% over the same period last year and importantly also up 17% from the previous quarter, which was also a record quarter. Gold grades remained at 2.1 g/t for the last two quarters. Gold sales for the quarter were 3,653 ounces up more than 150% over the same quarter last year and a 20% improvement over the previous record for quarterly sales (June 30, 2004).

Despite a poor second half of August and first half of September caused by a serious carbon problem, budgeted production and sale of gold and silver were achieved in the quarter.

At over 210,000 ounces, silver stacked on leach pads was also a record for the quarter, up more than 300% from the same quarter last year. Silver grade averaged 1.5 ounces per tonne. Silver sales, however, were only 10,300 ounces in the quarter down 15% from the previous quarter's record high.

Fresh ore mined, crushed agglomerated and placed on pads in the quarter were 122,362 metric tonnes up 18% from the previous quarter, establishing a new production benchmark. This represents a 150% improvement over the same period last year.

CAPITAL EXPANSION

Metallurgical Processing:

- Expansion at the ADR Plant continued with 10, 1,000 kilogram carbon columns installed by September 30th.
- The final 2, 1,000 kilogram carbon columns were installed and commissioned in early November.
- The desorption capacity has been doubled, with commissioning in early November.
- A new boiler has been ordered and should be in operation in December.
- A new thermal regeneration oven has been ordered and will be installed in November. Commissioning is set for early December.
- The new atomic adsorption analyzer for the site laboratory was commissioned during the quarter.
- New pregnant solution pond for silver is under construction.

New Pit Developments:

- Initial pit development work continues for both the Southern Structures and the Carelo Zones.
- The low humidity and coarse nature of the Carelo zone mineralization makes ideal feed for the rainy season (January through March).

New Leach Pad Development: New Production Model

- Pad 5 is fully operational now, bringing the total base surface area to 72,000 square meters.
- Pad 6 construction is underway to allow higher recycled production. Recycled production is scheduled to be accomplished in increasing increments of 10,000 tonnes per month (TPM), beginning in November with 20,000 TPM, reaching 50,000 TPM from February to June 2005, then increasing to 75,000 TPM in July, then to 100,000 TPM in October 2004 and thereafter. Fresh mineral production will remain steady at 50,000 TPM until all inventory has been recycled, then, approximately October 2006 production will increase to 100,000 TPM.

NEW METALLURGICAL PROCESS – NEW PRODUCTION MODEL

- The high cyanidation is now in full use at the mine site for both fresh and recycled production.
- Once a leach pad has been filled with recycled ore and fully leached, it will be neutralized with hydrogen peroxide, tested to ensure cyanide has been neutralized and a new leachate introduced.
- Silver will continue to be suppressed while in contact with the high cyanide leachate. The production model forecasts only 10% recovery of silver until the new leachate is introduced. Results will be determined by actual field work beginning in 2nd quarter of next year. Trial work to date has achieved 90-95% recovery of available silver.

FINANCIAL CONDITION

As can be seen from the foregoing review of mine and capital expansion issues, expenditures were very high during the period, closely tied to the cash flow from production. The carbon problems incurred from middle August to middle September took about \$450,000 out of revenue and left the company with a very tight cash position.

The Company overcame the deficit with record production and sales in October. The same record pace is continuing in November. Management estimates cash flow will normalize in December

FINANCIAL RESULTS – INCOME STATEMENTS

From an overall revenue perspective record gold sales during the quarter outpaced a surging Canadian dollar, and an equally aggressive gold price. (At the time of writing the price of spot gold reached US\$440.00 – or CDN \$525.09 ounce of gold.) Revenue for the quarter was up 190% on a year over year basis.

Therefore 5.1% of the improvement was attributed to improved price per ounce of gold. The balance (187%) was attributed to improved operations. Equally, on a quarter over quarter basis, revenue improved by 20% despite a 9% reduction in the price of gold expressed in Canadian dollars (this quarter \$513.31 / last quarter \$559.04). This represented a 5.7% strengthening of the Canadian dollar, and a 4.5% shrinkage in the gold price.

Earnings from operations improved as a direct reflection of improved recoveries, gold sales and lower overall operating costs, up 129% over a year earlier.

Administrative expenses were up substantially in the period some 54%, recognizing the new accounting policy of changing all Lima personnel to administration rather than the capital projects they were hired to work on. This policy is under review by management.

The acid test of all this is income before foreign exchange gains/losses or interest expense. An improvement of 240% was recorded in the quarter year over year.

Income for the period showed on unrealized foreign exchange gain of \$145,000 due to the strengthening of the Canadian dollar. Without this unusual gain income was up substantially year over year by 530%.

FINANCIAL RESULTS – BALANCE SHEET

The Balance Sheet shows the effects of the aggressive expansion in the 2 new pits, the expansion of the leach pads and the improvements and expansion to the ADR Plant.

The carrying cost of mineral properties has increased by \$830,000 million Canadian in the 6 months ended Sept 30, 04. Receivables have been reduced by \$1.4 million Canadian, reflecting the return of the Peruvian General Sales Tax based on gold exports.

Inventories grew by CDN \$840,000 in the period. Cash at the end of the period was low, but increased in October. Liabilities decreased by CDN \$1.0 million in the six month ended September 30, 2004, as debts were paid.

On balance a good quarter operationally setting the stage for 2 strong quarters to finish out the fiscal year.

Financial Statements				
	Three Months		Six Months	
	Ended September 30		Ended September 30	
	In 000's			
	2004	2003	2004	2003
Gold sales	\$1,952.6	\$667.0	\$3,566.7	\$1,302.6
Cost of sales	<u>\$1,148.7</u>	<u>\$330.6</u>	<u>\$2,022.8</u>	<u>\$682.0</u>
Net income for period	<u>\$445.9</u>	<u>\$11.5</u>	<u>\$571.2</u>	<u>\$89.8</u>
Ounces of gold sold	3,665	1,440	6,717	2,825
Realized gold price	393.52	350.00	401.55	344.00
Exchange rate	1.30	1.38	1.33	1.38
Realized gold price – Cdn \$	513.31	483.14	534.09	474.72
<p>Cash costs for production of each sold ounce in the three months ended Sept 30th was \$160.00 US per ounces before silver credits. Non Cash costs add about \$25.00 US.</p>				
Summary				
			As at	
Assets			Sep 30, 2004	Mar 31, 2004
			\$	\$
Current			5,631.6	6,312.7
Total Assets			<u>41,564.8</u>	<u>41,391.6</u>
Liabilities			7,619.4	8,641.2
Shareholder's equity			33,945.0	32,750.4
Total Liabilities & Shareholders equity			<u>41,564.8</u>	<u>41,391.6</u>

OUTLOOK

Cash is tight but production has improved and cash flow has improved. The company has budgeted production of 22,000 ounces in fiscal year ending March 31, 2005, which means the next two quarters produce 220% of the first two quarters. This will be accomplished through both fresh and recycled production, improved recoveries and a more efficient ADR plant.

All costs and revenues are essentially US dollar based except the small administrative costs from Canada. So exposure to a strengthening Canadian dollar is minimal in the day to day operations of the company.

Cashflow self-sufficiency should be realized this quarter if planned production budgets are met. We have confidence in the operating staff given the 40% improvement in October's results over September. However the recycle system starts up this month so there is on going technical/metallurgical risk until success is achieved and budgets realized.

This is a good time to begin the harvest of the inventory and accelerating process for the next eight quarters. If our operating results meet budgeted we will be very cash positive.

EXPLORATION

The Regional Exploration Program for Santa Rosa has been set back one quarter due to the Virundo community's demands, which the company found unreasonable. The good trenching results from the Rio Prospect will be followed up at a later date.

The Mamara Prospect will be the next focus for regional work to follow up on the excellent initial work performed by Newmont-Peru.

Sinchao will continue with the metallurgical work started last quarter to gather representative samples and explore the new processing alternatives currently available.

CONCLUSION

Andean American Mining Corp. is a Vancouver, B.C.-based gold and silver producer with production, exploration and acquisition activities focused in Peru. Andean trades on TSX Venture Exchange under the symbol AAG. Andean American, producing, profitable, expanding and exploring. For further information contact John Huguet, President or Hai Van Le at: (604) 681-6186 or toll free: 1-888-356-4784 or visit our website at www.andeanamerican.com.

On behalf of Andean American Mining Corp.,

“John Huguet”
John Huguet
President & CEO

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