

ANDEAN AMERICAN REPORTS RECORD THIRD QUARTER NET EARNINGS

Vancouver, B.C., March 4, 2005. In the nine months ended December 31, 2004, the 100%-owned Santa Rosa Mine in Peru produced 12,000 ounces, including equivalents, at cash cost of \$160 per ounce before silver credits. This production represents an increase of 130% over the same period the year before. The main reason for the increase in production is the improved throughput of ounces to the pads and sharply higher recovery rates for gold.

Revenues, Earnings and Cash Flow

Revenues for the three months ended December 31, 2004 were \$2.6 million compared with \$1.2 million in the same period the year before. Unaudited net earnings were \$600,000 or 1.5 cents per share in the third quarter, compared with \$100,000 or \$0.003 per share in the comparable period the year before. Unaudited net earnings for the nine months were \$1.2 million or 2.7 cents per share compared with \$200,000 or \$0.005 per share in same period the year before.

The higher revenues and earnings were due mainly to increased production of gold and marginally higher realized prices for gold due to the strengthened Canadian dollar. Andean's realized Canadian/U.S. dollar exchange rate was \$1.29 in the nine months, compared with \$1.35 in the same period the year before.

Also contributing to third quarter earnings were non-realized foreign exchange gains of \$100 for the three months and \$250,000 for the nine months.

Cash flow from operations before changes to non-cash working capital items was \$1.3 million in the third quarter compared with \$200,000 in the same quarter the year before. Cash flow from operations before changes to non-cash working capital items for the nine months was \$2 million compared to the same period the year before.

Increase in Production Capacity and Metallurgical Progress

During the last quarter, Andean successfully completed a program designed to increase gold processing capacity at its ADR Plant and to increase the area of pads available for heap leaching. Metallurgical test work to increase recovery continues to produce excellent results.

Initial yield of gold on the first recovery attempt averaged nearly 70% through out the quarter.

A totally new metallurgical approach. The nacent chlorurant reagent has been developed to increase silver recovery. Andean is currently testing this new approach utilizing up to a 1.1 meter modular height in the pad. Fortunately the presence of manganese dioxide allows this approach to work for gold recoveries as well. Three one hundred tonne tests are currently underway using varying module heights and varying PPMS of the leachate to further expand our data base.

We will continue investigations until we have optimized; however even now it is clear we can save one step on recycling and go directly to nacent chlorurant as the only recycle step. Investigations will also examine a total system change over. For now we seem to have found the method. It remains to be proven in day-to-day operations.

Andean believes this method will be used in actual mining operations later this summer when the first full pad in the recycle program has been completely stripped of recoverable gold, it will be flushed with water, neutralized with hydrogen peroxide. The nacent chloruant will then be introduced. Recovery of the residual gold and silver will take place over a 30 - 45 day period. This event is expected during the 3rd calendar quarter.

2005 and 2006 Production Projections

Andean's projected gold production for the remaining three months ended March 31, 2005 are 5,500 ounces, bringing the total for the year to more than 16,000 ounces. In fiscal year 2006, production is planned to increase to over 35,000 ounces. This if achieved would represent a 100% increase over the number of ounces produced in fiscal year 2005.

The main reason for the increase in production is the additional throughput of fresh minerals and the harvesting of golds and silvers through an expansion of the recycling program to draw down the gold/silver inventory on pads. The Company's objective is to increase annual gold production to more than 50,000 ounces from the Santa Rosa Mine beginning in Spring 2006.

Exploration

The Regional Exploration Program for Santa Rosa can now proceed in line with the new community agreement. The good trenching results from the Rio Prospect will be followed up. The Mamara Prospect will be the next focus for regional work to follow up on the excellent initial work preformed 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. A drill program is being formulated for Sinchao subject to the community agreements being obtained in advance.

Santa Rosa Reserve/Resource Estimate

The new resource estimate for the Santa Rosa Property, as advised by Rob Cinitis of AMEC Peru, is expected to be completed in the second half of March.

The Technical Report will be submitted to the exchange. After acceptance for filing, details will be the subject of a News Release.

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 \$1.71 million in the 9 months ended December 31, 2004. Receivables have been reduced by \$1.48 million reflecting collection of the Peruvian General Sales Tax based on gold exports.

Inventories grew by \$1.31 million in the period. Cash ended the period dangerously low. Liabilities; decreased by \$0.67 million in the nine month ended December 31, 2004.

FINANCIAL STATEMENTS				
	Three Months Ended December 31		Nine Months Ended December 31	
	2004	2003	2004	2003
Gold sales	<u>\$2,595,488</u>	<u>\$1,170.9</u>	<u>\$6,242,352</u>	<u>\$2,473.6</u>
Cost of sales	<u>\$724.1</u>	<u>\$562.8</u>	<u>\$2,572.4</u>	<u>\$1,120.2</u>
Net income for period	<u>\$610.0</u>	<u>\$107.6</u>	<u>\$1,181.2</u>	<u>\$197.4</u>
Ounces of gold sold	4,935	2,360	11,689	5,099
Realized gold price	\$431	\$390.00	\$412	\$359
Exchange rate	1.22	1.31	1.29	1.35
Realized gold price – Cdn \$	\$526	\$511	\$534	\$485
Cash costs for production of each sold ounce in the three months ended Dec. 31 st was \$160.00 US per ounces before silver credits. Non Cash costs add about \$25.00 US.				
	Summary	As at		
		Dec 31, 2004	Mar 31, 2004	
Assets		\$	\$	
Current		<u>6,282.3</u>	<u>6,312.7</u>	
Total Assets		<u><u>43,349.2</u></u>	<u><u>41,391.6</u></u>	
Liabilities		7,966.7	8,641.2	
Shareholder's equity		<u>35,382.5</u>	<u>32,750.4</u>	
Total Liabilities & Shareholders equity		<u><u>43,349.2</u></u>	<u><u>41,391.6</u></u>	

Outlook

While cash continues to dominate the extent and the pace of mine development, the outlook for the Company has never been better. The reasons are:

- Solid community agreements
- Stabilized and expanded supply of mineable ore
- Expanded plant capacity for gold recovery
- Expanded and upgraded mine management team
- Improved recovery rates for gold and silver;
- Greatly improved cash flow.

Please visit us at the Prospectors and Developers Association Booth # 2213, with your questions, concerns or comments.

Andean American, producing, profitable, expanding and exploring. For further information contact John Huguet, President or Hai Van Le, Director of Corporate Development 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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