

**ANDEAN ACQUIRES AN OPTION TO PURCHASE BARRICK'S INTEREST IN A PERUVIAN PRE-FEASIBILITY STAGE PROJECT**

Andean American Mining Corp. (TSX-V: AAG) (hereinafter, "Andean") is pleased to announce its acquisition of an option to purchase 100% of Minera ABX Exploraciones S.A.'s majority interest in an advanced stage project (hereinafter, "the Project"). Minera ABX Exploraciones S.A. is a wholly owned subsidiary of Barrick Gold Corporation (TSE ABX – NYSE ABX) (hereinafter, "Barrick").

The Project comprises mining concessions totaling 3,700 hectares. In addition, 5,800 contiguous hectares have been acquired independently by Andean. The resulting property, now renamed by Andean as the "INVICTA Project", contains around 9,500 hectares of mining and exploration concessions.

The key feature of the Project is a historical indicated resource estimated to be approximately 1,720,000 tons, grading 6.16 grams/ton gold, 1% copper and 54.43 grams / ton silver. This historical estimate was made in accordance with the standards in effect at the time, but such estimate is not compliant with National Instrument 43-101 ("N.I. 43-101"). Andean intends to do such as is necessary to bring the deposit into compliance with the requirements of N.I. 43-101. Please be advised that Andean has not verified the above historical resource estimate and is not treating it as a N.I. 43-101 defined resource verified by a Qualified Person. The above historical estimates should not be relied upon at this time.

Other features of the Project include:

- Over 12,400 meters of diamond drilling.
- 43 kilometers of geophysical work.
- Geological and topographical mapping.
- A 3rd party scoping study.
- Extensive sampling and trenching results.
- Two Adits 162 meters long and 39 meters long.
- Stream sampling.
- Project infrastructure and out buildings.
- Significant blue sky potential on the existing and newly acquired lands.
- Greater than an estimated US\$ 6 million in project expenditures.

Andean's C.E.O. John Huguet states: "We are very pleased to make this agreement with Barrick for the Project. We have the option to acquire a majority interest in an excellent deposit and believe we will be in a position to make early option exercise and production decisions given the outstanding grade results from the 12,000 meters of diamond drilling and the metallurgical work completed to date".

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The Project is located in west Central Peru in the department of Lima, the province of Huaura, approximately 225 kilometers by road north east of the city of Lima, Peru. The Project is accessible by paved road for 200 kilometers, followed by steep, but firm surfaced, road access the Project, which is at an altitude of 3,400 meters.

**AGREEMENT CONDITIONS**

The agreement with Barrick provides for the following principal terms:

- 2-year option period.
- In consideration for the option, regardless of whether Andean exercises the option, Andean must:
  - Within 10 days of signing –issue to Barrick 500,000 common shares of Andean American stock, exchangeable, at Barrick’s option, for US\$385,000 within 5 months after said shares are issued.
  - Within 30 days of signing – pay US\$115,000 to Barrick.
  - Within 365 days of signing – pay US\$200,000 to Barrick.

On exercising the option, Andean must:

- grant Barrick a 1% NSR, capped at US\$1 million or pay to Barrick US\$1 million in cash.
- pay to Barrick US\$100,000 yearly as advance royalty payments, beginning on the first anniversary of the option exercise until production from the mining concessions starts.
- pay to Barrick (a) a lump sum payment of US\$800,000 upon commencement of production, or (b) US\$50,000 per quarter for 16 quarters after commencement of production.

In addition, if Andean exercises its option to purchase Barrick’s interest in the Project and Andean’s drill program discovers more than 2 million ounces of gold, which are converted into proven or probable reserves, Barrick will have a back- in right to acquire up to 51% of the Project. Barrick must pay to Andean 150% of all exploration and project expenditures incurred by Andean on the Project in order to exercise its back- in right and may exercise this right at any time within 90 days following confirmation by Andean that probable or proven reserves of more than 2 million ounces have been located in the Project.

**GEOLOGY OF THE PROPERTY**

The Property is located at the contact of the volcanics of the Calipuy Group overlying the Paccho Tonalitic Complex . The age range varies between Upper Cretaceous for the Paccho Complex and Middle Tertiary (Miocene) for the Calipuy Group. The setting of these rocks is associated to the Cordilleran Orogeny . Both types of rocks are the host rocks of the gold and base metals mineralization (epithermal breccia) encountered on the Property.

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*Calipuy Group* is constituted exclusively of volcanics: andesite, lapilli tuff, lapilli and blocks tuff and welded tuff (ignimbrite). The colour of these rocks varies between light beige for the welded tuff to dark red or brown for the lapilli tuff (due to the content of iron minerals into the rock); the andesite is usually light to dark green. The matrix of the tuff has an andesitic composition.

These volcanics are usually flat lying (10 to 30 deg) with the exception of the welded tuff which crosses the other units at steep (75-80 deg) angle. The tuff and andesites nearby the mineralized zones are generally very altered (limonitized, argillitized, kaolinitized) and very fractured.

*Paccho Complex* is part of the Coastal Batolith and is composed of granodiorite, diorite and tonalite. Its colour varies between whitish beige to light green and brownish, when altered. It outcrops in the south-western part of the property and is the host of the Zone 4 mineralization. The rock is generally massive and its composition is about the same than the rocks of the Calipuy.

The structural domain of the Property is directly related to the Andean Orogeny. Two of the main orientations, 110deg and 055deg could be associated to the strikes of the trust faults and transform faults associated to this orogeny. In general these orientations represent also the main orientations of the mineralization: the 110deg fault is associated to the mineralization located in Zone 4 while the Zone 1 (Atenea) mineralization is associated to the 055deg structure.

Mineralization encountered in the Property is within epithermal breccias and is assumed to be related to events contemporary to the Miocene. This mineralization is thought to be related to a low-sulfidation environment and presents the following characteristics:

- mineralization takes the form of veins, fracture filling and stockwork,
- texture typical of cavity filling are present: banding, colloform texture and geodes
- gangue mineral is typically quartz with minor calcite; and,
- decrease of gold and increase of base metals contents with depth.

**ASSESSMENT WORKS**

Mining activities date back to the Spanish conquest. Old openings (now capped with boulders) can be seen at various sites on the property. The research was directed at finding copper and gold.

In 1968-1969 a Mr. Perez from Chile dug two adits along the Atenea on the property, respectively 39m and 162m long. Once again we suppose that the focus of the research was base metals and gold. After 1969 all activities were on hold until 1990.

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In 1996, exploration activities commenced, including:

- property mapping
- digging of 70 trenches over the entire Property (Zones 1, 2, 3, 4, 5)
- underground sampling of the existing cross-cuts of the two adits
- 13.9 km of magnetic and 10.7km of IP surveys
- construction of a 14km access road to the site.

In January 1997, Phase I of a detailed exploration program was commenced, including:

- 4,209m of surface diamond drilling
- 32.2km of magnetic survey and 37.2km of IP surveys
- detailed mapping
- preliminary metallurgical testing

Phase II of the exploration program was carried out between October 1997 and August 1998 and included:

- 8,114m of surface diamond drilling (2 870m in 1997 and 5 244m in 1998)
- 151m of underground diamond drilling
- Stream geochemical survey (113 samples).

**CONCLUSION**

With this agreement, Andean intends to proceed with a confirmation and infill drill program as soon as necessary permits are obtained.

Andean American Mining Corp. (TSX-V-AAG) is focused on gold mining, exploration and development with its head office in Vancouver and operations in Peru. The company is a low cost, profitable producer whose net income rose 114% in the 1<sup>st</sup> Quarter ended June 30, 2005. With its current and new properties, with its strong management team and with a commitment to steady growth and financial viability, Andean is well positioned to become a leading organization in the mining industry.

Lindsay Bottomer, P. Geo., who is a Qualified Person as defined in NI 43-101 has reviewed the technical content of this news release. For further information, please visit our website at [www.andeanamerican.com](http://www.andeanamerican.com)

On behalf of Andean American Mining Corp.,

“John Huguet”

John Huguet  
President & CEO

This news release may contain forward-looking statements regarding upcoming work programs and events. Actual results may differ materially from those anticipated in such statements.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.