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NEWS RELEASE
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TSX-V:AAG
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ANDEAN AMERICAN MINING REPORTS FIRST QUARTER FINANCIAL RESULTS

VANCOUVER, BRITISH COLUMBIA-Andean American Mining Corp (TSX.V-AAG)

The Board of Directors of Andean American Mining Corp. is pleased to provide financial results for the Quarter ended June 30, 2006. Results are in line with expectations as the Company continues to operate with a positive cash flow. The Quarter has been an extremely busy one with exploration activities ongoing at all three properties. During the quarter a NI 43-101 Report was completed on the Invicta property with positive results, and the Company has fast tracked its plans for the project. Recovery system improvements continue at Santa Rosa, along with further exploration of adjoining properties. Also during the quarter, Andrew Gourlay, P.Geol., was named President of Sinchao Metals Corp. and recently returned from a site visit to monitor sampling results and organize initiation of the first phase of a drilling program that begins in the next two weeks. State of the art 3D Induced Polarization and ground magnetic surveys are being done as well. The drill program at Invicta has already begun and we look forward to being able to announce the results of that program in the near future.

Highlights:

Net earnings for the quarter ended June 30, 2006 were \$115,893 or \$ 0.002 per share compared with net earnings of \$745,715 or \$ 0.02 per share in the same quarter of 2005.

The reduction in earnings in this quarter compared with the previous year were due to production of recycled materials and low recoveries and increased operating costs offset in part by rising prices for gold and silver. Also offsetting the effect of higher metal prices in this quarter was a weaker US dollar.

Cash flow from operations in the quarter before changes to non-cash working capital items was \$166,434, compared with \$1,294,064 in 2005. The reduction in cash flow from operations in 2006 was due to the reduction of gold and silver produced and an increase in the cost of sales mainly due to poor recoveries.

Revenues were \$ 1,233,620 in 2006 compared with \$ 3,030,519 in 2005. The revenue decrease in 2006 was due the focus shifting from maximizing production to trying to solve recovery problems at the Santa Rosa mine. In August a solution was found to combat the effects of sulfur, which has been a continual problem for the past nine months.

Quarterly Financial Data

	June 30 2006	June 30 2005
Earnings and Cash Flow		
Net earnings	115,893	745,715
Cash flow from operations	166,434	1,294,064
Earnings per share	0.002	0.02
Diluted earnings per share	0.002	0.02
Capital expenditures	1,440,862	526,829
Balance Sheet		
Total assets	51,113,145	44,988,407
Long term debt	-	574,407

**SANTA ROSA
 MINE PRODUCTION DATA
 QUARTERLY GOLD AND SILVER MINE PRODUCTION**
 (since inception to June 30, 2006)

<u>Quarter ending</u>	<u>Gold ounces</u>	<u>Eq. oz's Silver</u>	<u>Total oz's Gold Equiv</u>
Jun 30, 2006	1,772	312	2,084
Fiscal 2007			
Mar 31, 2006	2,528	197	2,725
Dec 31, 2005	2,923	233	3,156
Sept 30, 2005	4,245	471	4,716
Jun 30, 2005	5,852	522	6,374
Fiscal 2006			
	15,548	1,423	16,971
Mar 31, 2005	4,604	406	5,010
Dec 31, 2004	4,730	270	5,000
Sept 30, 2004	3,665	173	3,838
Jun 30, 2004	3,052	199	3,251
Fiscal 2005			
	16,051	1,048	17,099
Mar 31, 2004	2,627	136	2,763
Dec 31, 2003	2,275	83	2,358
Sept 30, 2003	1,440	58	1,498
Jun 30, 2003	1,385	65	1,450
Fiscal 2004			
	7,727	342	8,069
Mar 31, 2003	1,340	47	1,387
Dec 31, 2002	2,194	13	2,207
Sept 30, 2002	2,554	15	2,569
Jun 30, 2002	1,682	8	1,690
Fiscal 2003			
	7,770	83	7,853
Mar 31, 2002	536	4	540
*Start up Production	1,806	0	1,806
Totals to Date	<u>51,210</u>	<u>3,212</u>	<u>54,422</u>

Outlook:

The current successes from the three exploration programs at Invicta, Santa Rosa and Sinchao have buoyed the spirits of all at Andean American. Continuing higher metal prices add to the enthusiasm.

Santa Rosa has connected the dots, at last, tying Virundo, Rio, OPZ, Southern Structures all the way to Carelo and on to Huayllumpay over 4,400 meters of continuous structure. Invicta has a successful drill program underway and a major new discovery south of the Atenea Zone. Sinchao has a major program underway with 2 drills about to begin and major expansion of the targeted areas already initiated. There has been much activity with a steep learning curve, leading to increased proficiencies.

The Company expects to produce 20,000 ounces of gold equivalent in fiscal 2007. Gold and silver prices are showing continued strength and at the date of this report are greater than US\$ 610 and US\$11.00 per ounce, respectively. The Company's revenues will be negatively affected by any further strengthening of the Canadian dollar against the US dollar. Metal prices and currencies are subject to fluctuation due to changes in global economic conditions.

The Company is experiencing rising production costs due to increasing prices for fuel, chemicals and maintenance supplies. These rising prices, driven by the global economic boom, are expected to continue throughout calendar 2006 and into 2007.

In fiscal year 2007 capital expenditures for the Santa Rosa mine and the development of nearby properties are estimated to be \$650,000. Capital expenditures for the advancement of the Invicta project to a production decision are estimated to be \$800,000. The Company's share of capital expenditures for Sinchao are estimated to be \$2,000,000 and will be funded by existing cash flow and the proceeds from the Sinchao Metals Corp. transaction.

For the complete Management's Discussion and Analysis and Financial Statements, please refer to the Company's filings at www.sedar.com.

On behalf of Andean American Mining Corp.,

"John Huguet"
John Huguet
President & CEO

Andean American Mining Corp. (TSX.V-AAG) is focused on growth both organically and through acquisitions. The company is actively pursuing new properties with potential for early stage gold and silver targets. Andean American continues to maintain excellent community relations and a commitment to responsible environmental practices. The company has a strong management team with over 60 years experience and an effective board dedicated to excellence in corporate governance. Andean American Mining is committed to continuing to be a low-cost, profitable producer with an objective of producing 200,000 ounces of gold by 2010.

For further information call (604) 681-6186 or toll free: 1-888-356-4784 or visit our website at www.andeanamerican.com

ANDEAN AMERICAN MINING CORP.

INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - Prepared by Management)

	June 30, 2006	March 31, 2006
	\$	\$
		(audited)
ASSETS		
CURRENT ASSETS		
Cash	2,144,565	810,500
Restricted cash (Note 9)	132,105	265,597
Accounts receivable (Note 3)	681,310	820,423
Prepaid expenses	110,726	69,700
Minerals on pads & inventories (Note 4)	5,093,306	5,231,399
	<u>8,162,012</u>	<u>7,197,619</u>
MINERAL ON PADS (Note 4)	1,614,923	1,749,223
MINERAL PROPERTIES AND DEFERRED COSTS (Note 5)	38,408,728	36,967,866
PROPERTY, PLANT AND EQUIPMENT (Note 6)	2,927,482	3,052,262
	<u>42,951,133</u>	<u>41,769,351</u>
	<u>51,113,145</u>	<u>48,966,970</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	3,206,236	3,685,816
Bank overdraft	169,170	-
Deferred income	266,361	186,415
Loans payable (Note 8)	73,486	46,100
Current portion of capital lease obligation (Note 9)	132,660	264,998
Current portion of long term debt (Note 10)	897,038	975,138
	<u>4,741,951</u>	<u>5,158,467</u>
PROVISION FOR RECLAMATION & CLOSURE COSTS (Note 11)	116,930	119,253
MINORITY INTERESTS	<u>2,500,000</u>	<u>-</u>
	7,361,881	5,277,720
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 12)	58,389,291	58,371,791
CONTRIBUTED SURPLUS	1,603,307	1,674,684
DEFICIT	(16,241,334)	(16,357,225)
	<u>43,751,264</u>	<u>43,689,250</u>
	<u>51,113,145</u>	<u>48,966,970</u>
CONTINGENCY (Note 20)		
GOING CONCERN (Note 1)		

APPROVED BY THE DIRECTORS

"JOHN HUGUET"

DIRECTOR

"BRYAN MORRIS"

DIRECTOR

ANDEAN AMERICAN MINING CORP.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED

(Unaudited - Prepared by Management)

	June 30, 2006	June 30, 2005
	\$	\$
REVENUE		
Sales of metals	<u>1,233,620</u>	<u>3,030,519</u>
OPERATING EXPENSES		
Direct operating costs	904,888	1,199,104
Royalty expense	20,938	56,149
Amortization and depletion	142,400	430,955
Selling expenses	30,946	63,482
Reclamation	4,748	7,302
	<u>1,103,920</u>	<u>1,756,992</u>
GROSS PROFIT	129,700	1,273,527
OTHER EXPENSES		
General and administrative expenses	84,566	309,937
Stock based compensation	0	0
Interest and finance expenses	25,848	119,978
Other expenses (income)	(129)	16,587
Foreign exchange (gain) loss	<u>(96,607)</u>	<u>81,310</u>
NET INCOME (LOSS) FOR THE QUARTER	115,893	745,715
DEFICIT – BEGINNING OF QUARTER	<u>16,357,225</u>	<u>(17,088,002)</u>
DEFICIT – END OF QUARTER	<u>15,960,411</u>	<u>(16,342,287)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
BASIC	<u>47,938,089</u>	<u>43,869,677</u>
DILUTED	<u>48,409,451</u>	<u>44,034,281</u>
EARNING (LOSS) FOR COMMON SHARE		
BASIC	<u>0.002</u>	<u>0.02</u>
DILUTED	<u>0.002</u>	<u>0.02</u>

ANDEAN AMERICAN MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOW
FOR THE THREE MONTHS ENDED JUNE 30
(Unaudited - Prepared by Management)

	2006	2005
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Income (loss) for the quarter	115,893	745,715
Amortization and depletion	142,400	451,326
Provision for reclamation	4,748	7,302
Stock based compensation	0	0
Foreign exchange (gain) loss	(96,607)	30,337
Others	-	59,384
Cash from Operations	166,434	1,294,064
(Increase) decrease in accounts receivable	139,113	204,664
(Increase) decrease in inventories	272,393	(191,207)
(Increase) decrease in prepaid expenses	(41,026)	(265,210)
(Decrease) in accounts payable and accrued liabilities	(387,439)	(120,820)
Increase (decrease) in deferred income	79,946	14,894
Increase (decrease) in accrued interest payable	-	66,643
	62,987	1,003,028
INVESTING ACTIVITIES		
Mineral properties and deferred costs	(1,440,862)	(370,238)
Property, plant and equipment	-	(156,591)
	(1,440,862)	(526,829)
FINANCING ACTIVITIES		
Sale of Sinchao (CMS)	2,500,000	-
Payments of debentures	-	(410,768)
Change in restricted cash	133,492	-
Common shares issued for cash	17,500	136,040
Payment of long term debt	(78,100)	(191,996)
Payment of loans payable	(27,386)	(158,132)
	2,545,506	(624,856)
INCREASE (DECREASE) IN CASH DURING PERIOD	1,334,065	(148,657)
CASH - BEGINNING OF PERIOD	810,500	242,657
CASH -END OF PERIOD	2,144,565	94,000
CASH IS COMPRISED OF:		
Cash	2,144,565	242,657
Bank indebtedness	(169,170)	-
	1,975,395	242,657

SUPPLEMENTARY CASH FLOW INFORMATION (Note 17)

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