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**NEWS RELEASE**

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TSX-V: AAG

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**ANDEAN AMERICAN ANNOUNCES SIGNING OF LETTER OF INTENT BETWEEN SINCHAO METALS CORP. AND DOLCE ENTERPRISES INC.**

Andean American Mining Corp. (TSX-V:AAG) is pleased to announce that a Letter of Intent (LOI) has been signed between Dolce Enterprises Inc. (“Dolce”) and Sinchao Metals Corp. (“Sinchao Metals”), the principal shareholder of which is Andean American Mining Corp. (“Andean American”). The LOI provides that under the policies of the TSX Venture Exchange, Dolce and Sinchao Metals would merge as Dolce’s Qualifying Transaction.

The principal asset of Sinchao Metals is the Sinchao polymetallic mining property located in the Yanacocha Hualgayoc Mining District in Northern Peru (the “Sinchao Property”), which property was recently transferred to Sinchao Metals by Andean American (see Andean American news releases of June 21, June 7 and April 4, 2006).

“We are pleased to have this Letter of Intent signed as it furthers the development of Sinchao Metals towards becoming a publicly traded company,” stated Andean American Chairman and CEO, John Huguet. “We are eager to see Sinchao Metals grow and be able to realize the value of its underlying assets.”

Over C\$ 8 Million has been spent on exploration activities at the Sinchao Property, including 8,000 metres of drilling during 1997 and 1998. Results were very encouraging, however, metal prices were at all time lows and exploration was halted. Since 1998, Andean American has slowly consolidated its land position and in 2005 acquired 21 hectares contiguous with the existing Sinchao Property to complete its land acquisitions. A NI 43-101 Technical Report was filed on March 20, 2006.

Andean American has already completed and filed the required environmental stabilization plan for the Sinchao Property and has received approval from the local communities for the upcoming drill program. There are several mineralized zones to test further, including the Skarn Zone, which has the potential to be the largest mineralized single portion of the Sinchao target and is of the same age and geological environment as the Antamina deposit, one of the largest known copper-zinc, silver, molybdenum and bismuth Skarn deposits in the world.

As contemplated by the LOI, Dolce and Sinchao Metals are to amalgamate with shareholders of the Dolce receiving one share of the amalgamated company (“Amalco”) for every six shares of the Dolce held by them and shareholders of Sinchao Metals receiving one share of Amalco for every one share of Sinchao Metals held by them. Similarly, outstanding share purchase warrants of Sinchao Metals would also be exchanged on a one for one basis for warrants in Amalco. Sinchao Metals currently has 46,250,000 common shares and 8,650,000 warrants outstanding and proposes to issue up to 2,000,000 stock options and a further 1,000,000 shares and 80,000 warrants by way of a private placement prior to closing of the Qualifying Transaction.

On closing of the Qualifying Transaction, Andean American will hold approximately 2/3 of the shares of Amalco on a fully diluted basis. The President of Amalco will be Andrew Gourlay, P.Geol., Bryan Morris will serve as Chief Financial Officer of Amalco and Nick DeMare will serve as the Corporate Secretary of Amalco. It is contemplated that the board of directors of Amalco will be comprised of John Huguet, Ernesto Maurer and Bryan Morris, all directors of Andean American, along with two further nominees to be identified by Sinchao Metals.

**Mr. Gourlay** is an accomplished mineral exploration geologist who has worked as a Professional Geologist, Qualified Person and author of numerous NI 43-101 reports for nearly three decades. A graduate of the University of British Columbia in 1977, Mr. Gourlay has extensive exploration and management experience throughout Asia, North America and South America.

Mr. Gourlay has successfully advanced projects from the grassroots to definition drilling and the source calculation stage. These include the Bonaparte Gold Property in British Columbia and managing Kennecott Canada's first two years of successful diamond exploration in the Lac de Gras area. Mr. Gourlay has also been the Exploration Manager for Chase Resource Corp. in the Philippines, Essex Resource Corp. in Bolivia and for Asia Gold Corp., a subsidiary of Ivanhoe Mines Ltd., in Mongolia. He brings a strong technical background to the Company, in addition to experience in corporate management, finance and regulatory compliance in the junior exploration industry. Mr. Gourlay is a Professional Geologist registered with The Association of Professional Engineers, Geologists and Geophysicists of Alberta and a Fellow of the Geological Association of Canada.

**Mr. Morris** was, until his retirement in August 2003, employed by Teck Cominco Limited as Vice-President, Business Development and was responsible for identifying, evaluating and negotiating acquisitions, primarily in the zinc business. Prior to that appointment he had been Vice-President, Finance and Director of Cominco Resources International Ltd., the listed international exploration arm of Cominco Ltd., and had held senior positions in Cominco's finance organization. During his career with Teck Cominco he also served as a director of several subsidiary and associated companies. Between 1965 and 1974 Mr. Morris worked in Peru for Cerro de Pasco Corporation and Centromin. He is a fellow of the Chartered Institute of Management Accountants (UK) and is also a director of several junior mining companies.

**Mr. DeMare** holds a Bachelor of Commerce Degree from the University of British Columbia and is a member in good standing of the Institute of Chartered Accountants of British Columbia. Since May, 1991, Mr. DeMare has been the President of Chase Management Ltd., a private company which provides a broad range of administrative, management and financial services to private and public companies engaged in mineral exploration and development, gold and silver production, oil and gas exploration and production and venture capital. Mr. DeMare currently serves as an officer and director of other public reporting companies.

**Mr. Huguet** has 40 years experience in the resource development industry and currently serves as CEO and Chairman of Andean. Prior to joining Andean as an Executive Chairman in April 1997, Mr. Huguet was President and Managing Director of Atkinson Holdings and President and Director of Commonwealth (a private engineering and constructing company). Mr. Huguet had been in these companies or their subsidiaries continuously from 1963. He has extensive experience in Latin America and Peru from 1975 to date, and extensive experience in Asia from 1990 to date. His previous employer completed more than 80 major mining projects and 70 major forestry projects and numerous power projects during this period. For the past 15 years he has provided hands on leadership in acquisitions, marketing, engineering, finance and field operations.

**Mr. Maurer** is currently Managing Director of Loepfe Brothers, an international textile electronics company based in Switzerland. He was formerly Vice-President of Zurmont Finanz AG, Switzerland, a private equity company, focused on turnarounds and restructuring. Mr. Maurer was responsible for due diligence, arbitration and operations of investee companies and for the acquisition and sale of several companies in the portfolio of Zurmont Finanz. He was formerly CEO of CEDES AG of Landquart, Switzerland, a high tech optosensorics company. Prior to that appointment, he had been Senior Vice President at VA TECH Escher Wyss where he headed the Compact Hydro Division, an international company for medium sized hydropower plants, which was #1 worldwide in this market. Mr. Maurer has an engineering degree from the Technical University of Zurich and a Masters of Business Administration from the University of Lausanne, Faculty of Economics. Mr. Maurer has vast experience as a director on a number of boards in Switzerland.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Closing of the transaction remains subject to shareholder and regulatory approval.

The Qualified Person for this news release is Victor Jaramillo, P.Geo.

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](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.