



Suite 1340-1090 West Georgia Street  
Vancouver, British Columbia | Canada V6E 3V7  
T: 604.681.6186 | 1.888.356.4784 | F: 604.681.3652  
Investors@andeanamerican.com | www.andeanamerican.com

**NEWS RELEASE**

December 2, 2008

TSX-V:AAG

SEDAR Profile # 00003879

**ANDEAN AMERICAN MINING REPORTS SECOND QUARTER FINANCIAL RESULTS**

VANCOUVER, BRITISH COLUMBIA-Andean American Mining Corp. (TSX.V-AAG) (FWB-AQN) (BVL-AAG) - (all figures in Canadian dollars, unless otherwise noted)

The Board of Directors of Andean American Mining Corp. reports on its Consolidated Interim Financial Statements and Management Discussion and Analysis for the quarter ended September 30, 2008. During the quarter, the Company continued with the development of the Invicta Project and the progressive exploration at the Sinchao property.

Highlights:

Financial:

- The net loss for the period was \$1,261,464 or \$0.02 per share compared with a net loss of \$1,446,908 or \$0.02 per share in the comparable period last year. Stock based compensation expense, general and administrative expenses and direct operating costs increased over the same period in the prior year. This increase was offset by decreases in amortization and depletion.
- The loss from operations in this quarter amounting to \$449,355, compared with a loss of \$960,527 in the comparable period last year, was due to low recoveries from recycled materials and increased operating costs. The increased operating costs were mainly due to much the poor recoveries from recycled minerals and lower volumes of minerals processed which increased the unit cost of production.
- Cash used in operations in the quarter before changes to non-cash working capital items was a deficit of \$601,244 compared to a deficit with \$993,692 in last year's quarter.
- Revenues for the three month period ending September 30, 2008 were \$1,030,128 compared with \$1,509,389 in the comparative period in fiscal 2007. Sales of gold and gold equivalents in the quarter were 877 ounces compared to 1,891 ounces in the comparable period last year.
- The Company has instituted severe cost cutting measures to conserve its cash resources. However, should the Company be obliged to seek additional funding under current market conditions then it is likely that existing shareholders would suffer significant dilution.

Operational:

- At Invicta, the Company received a NI 43-101 Technical Report from Discover Geological Consultants with mineral resources of 7.9 million tonnes of measured and indicated resources and over 11.6 million tonnes of inferred resources. Based on this resource estimate, the feasibility study should be completed in the first quarter of 2009. To date, Cesel engineering has completed the Environmental Impact Assessment, process engineering has been completed by GOLDEX Engineering and the metallurgical work has been accomplished by a variety of companies including Lakefield in Canada, SGS Lakefield in South Africa and Act Labs in Lima and Vancouver.
- At Sinchao, mineralization has been identified over an area of approximately 750 metres by 600 metres, and to a depth of approximately 450 metres remaining open in all directions. Subsequent to the end of the quarter, a NI 43-101 estimate of inferred resources was received from Discover Geological Consultants. The inferred resource estimate utilized various cut offs ranging from 0.13 % copper and 0.07 g/t gold with 416 million tonnes grading 0.36% Cu, 0.33 g/t Au and 9.2 g/t Ag up to a cut off grade of 0.48% Copper and 0.64 g/t gold with 64 million tonnes

grading 0.85% Cu, 0.90 g/t Au and 110.3 g/t Ag. The example of the 237 million tonne inferred resource showed contained metals estimated at 2.45 billion pounds of copper, 3.73 million ounces of gold and 92 million ounces of silver. For the 416 million tonne inferred resource, the contained metals are estimated at greater than 3.3 billion pounds of copper, 4.4 million ounces of gold and 123 million ounces of silver. Contained metal equivalents are based on US\$600/oz gold, US\$1.50/lb copper and US\$8/oz silver.

Victor Jaramillo, P. Geo., of Discover Geological Consultants Inc. is an Independent Qualified Person as defined by National Instrument 43-101 and is responsible for the resource estimates. Andrew Gourlay, P. Geol., President of Andean American Mining Corp. is the Qualified Person for the technical disclosure in this news release.

The complete Management Discussion and Analysis and Financial Statements have been filed with SEDAR at [www.sedar.com](http://www.sedar.com). 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

Please note that all mineral resources have been calculated in accordance with the standards of the CIM Definition Standards on Mineral Resources and Mineral Reserves, as required by NI 43-101. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by the inability to obtain required environmental and other regulatory approval, environmental or operating permits. The estimate may also be materially affected by global economic conditions such as the price of gold and silver, the price of oil and other commodities utilized in the production of gold and silver. Unknown geologic or hydrologic conditions or other unknown factors may materially affect the resource estimates. The quantity and grade of reported Inferred Resources in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category. Metallurgical recoveries and net smelter returns have not yet been determined.

This news release may contain forward-looking information within the meaning of the Securities Act (Ontario) ("forward-looking statements"). Such forward-looking statements may include the Company's plans for its mineral projects, the overall economic potential of its properties, the availability of adequate financing and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by such forward-looking statements to be materially different. Such factors include, among others, risks and uncertainties relating to potential political risks involving the Company's operations in a foreign jurisdiction, uncertainty of production and costs estimates and the potential for unexpected costs and expenses, physical risks inherent in mining operations, currency fluctuations, fluctuations in the price of gold and other metals, completion of economic evaluations, changes in project parameters as plans continue to be refined, the inability or failure to obtain adequate financing on a timely basis, and other risks and uncertainties, including those described in the Company's Financial Statements, Management Discussion and Analysis and Material Change Reports filed with the Canadian Securities Administrators and available at [www.sedar.com](http://www.sedar.com).

Andean American Mining Corp. (TSX.V:AAG) (FWB:AQN) (BVL:AAG) is an international mining and exploration company focused on growth. The Company is actively pursuing new targets of potential early stage gold and silver prospects in Peru and currently has two key assets: the 41,500 hectare Invicta gold-silver-copper advanced exploration stage project; 61% of Sinchao Metals Corp., owner of the Sinchao zinc-copper-silver-gold-lead mineralization project.

For further information call (604) 681-6186 or toll free: 1-888-356-4784 or visit [www.andeanamerican.com](http://www.andeanamerican.com)

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

# ANDEAN AMERICAN MINING CORP.

## INTERIM CONSOLIDATED BALANCE SHEETS (Expressed in Canadian Dollars, except where noted)

	September 30, 2008 (unaudited)	September 30, 2007 (Restated - Note 17 ) (unaudited)	March 31, 2008 (audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 1,184,070	\$ 2,951,346	\$ 5,973,166
Accounts receivable (Note 4)	851,920	826,024	843,756
Prepaid expenses	115,063	296,842	239,732
Mineral on pads and inventories (Note 5)	515,223	2,671,840	752,228
	2,666,276	6,746,052	7,808,882
Mineral on pads (Note 5)	-	2,959,888	-
Mineral properties and deferred costs (Note 6)	39,050,264	32,679,846	33,799,108
Property, plant and equipment (Note 7)	1,759,904	977,420	1,648,965
	\$ 43,476,444	\$ 43,363,206	\$ 43,256,955
<b>LIABILITIES</b>			
<b>Current</b>			
Bank indebtedness	\$ 176,250	\$ 115,933	\$ 92,048
Accounts payable and accrued liabilities	4,665,931	3,045,539	4,982,436
Deferred income	-	88,640	-
Loans payable (Note 8)	36,183	38,358	39,574
Current portion of long term debt (Note 9)	314,476	374,069	381,300
	5,192,840	3,662,539	5,495,358
Long term debt (Note 9)	-	101,217	-
Future income tax liabilities	5,747,512	4,970,205	6,080,372
Provision for reclamation and closure costs (Note 10)	131,573	112,479	127,085
	11,071,925	8,846,440	6,207,457
Minority interest	9,538,525	5,878,359	9,752,047
	20,610,450	14,724,799	21,454,862
<b>SHAREHOLDERS' EQUITY</b>			
Share capital (Note 11)	71,507,912	64,664,595	69,653,248
Contributed surplus (Note 12)	10,641,350	4,297,844	9,182,035
Deficit	(59,283,268)	(40,324,032)	(57,033,190)
	22,865,994	28,638,407	21,802,093
	\$ 43,476,444	\$ 43,363,206	\$ 43,256,955
Going concern (Note 1)			
Contingency (Note 18)			
Subsequent Events (Note 19)			

“JOHN HUGUET”

\_\_\_\_\_  
DIRECTOR

“BRYAN MORRIS”

\_\_\_\_\_  
DIRECTOR

*The accompanying notes are an integral part of these interim consolidated financial statements.*

# ANDEAN AMERICAN MINING CORP.

## INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT

*(unaudited)*

*(Expressed in Canadian Dollars, except where noted)*

	Three Months Ended September 30		Six Months Ended September 30	
	2008	2007	2008	2007
		(Restated - Note 17)		(Restated - Note 17)
<b>REVENUE</b>				
Sales of metals	\$ 1,030,128	\$ 1,509,389	\$ 2,050,340	\$ 2,637,941
<b>OPERATING EXPENSES</b>				
Direct operating costs	900,514	1,642,335	2,175,190	2,822,773
Royalty expense	9,244	24,748	26,117	45,217
Amortization and depletion	6,990	339,237	13,654	773,140
Selling expenses	43,433	41,837	81,539	83,723
Stock based compensation	519,302	421,733	1,053,177	814,047
Provision for reclamation	-	16	-	3,440
	<b>1,479,483</b>	2,469,906	<b>3,349,677</b>	4,542,340
<b>GROSS PROFIT (LOSS)</b>	<b>(449,355)</b>	(960,517)	<b>(1,299,337)</b>	(1,904,399)
<b>OTHER (INCOME) EXPENSE</b>				
General and administrative expenses	563,328	607,696	1,063,258	1,010,622
Interest expense	(396)	7,803	1,493	22,645
Other (income) expense	(25,253)	(149,586)	(49,078)	(137,329)
Foreign exchange loss (gain)	490,688	109,269	154,927	(804,219)
Dilution loss on sale of shares by subsidiary	-	-	-	589,276
Minority interest	(216,258)	(88,791)	(219,859)	(52,165)
	<b>812,109</b>	486,391	<b>950,741</b>	628,830
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(1,261,464)</b>	(1,446,908)	<b>(2,250,078)</b>	(2,533,229)
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>(58,021,804)</b>	(38,877,124)	<b>(57,033,190)</b>	(37,790,803)
<b>DEFICIT, END OF PERIOD</b>	<b>\$ (59,283,268)</b>	\$ (40,324,032)	<b>\$ (59,283,268)</b>	\$ (40,324,032)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>				
<b>BASIC AND DILUTED</b>	<b>73,620,017</b>	63,780,157	<b>73,620,017</b>	60,054,129
<b>NET LOSS PER COMMON SHARE</b>				
<b>BASIC AND DILUTED</b>	<b>\$ (0.02)</b>	\$ (0.02)	<b>\$ (0.03)</b>	\$ (0.04)

*The accompanying notes are an integral part of these interim consolidated financial statements.*

**ANDEAN AMERICAN MINING CORP.**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW**

*(unaudited)*

*(Expressed in Canadian Dollars, except where noted)*

	Three Months Ended September 30		Six Months Ended September 30	
	2008	2007	2008	2007
<b>CASH PROVIDED FROM (USED FOR):</b>		(Restated - Note 17)		(Restated - Note 17)
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ (1,261,464)	\$ (1,446,908)	\$ (2,250,078)	\$ (2,533,229)
Adjustments for items not affecting cash:				
Amortization and depletion	6,990	339,237	13,654	773,140
Stock based compensation	519,302	421,733	1,053,177	814,047
Minority interest	(216,258)	(88,791)	(219,859)	(52,165)
Dilution loss on sale of shares by subsidiary	-	-	-	589,276
Provision for reclamation	-	16	-	3,440
Unrealized foreign exchange gain on long-term monetary assets and liabilities	350,186	(218,979)	(171,153)	(862,042)
	<u>(601,244)</u>	<u>(993,692)</u>	<u>(1,574,259)</u>	<u>(1,267,533)</u>
Net changes in non-cash working capital items:				
Accounts receivable	(64,081)	(22,861)	(8,164)	(111,674)
Mineral on pads and inventories	400,369	498,989	237,005	369,723
Prepaid expenses	(28,708)	(27,911)	124,669	(89,789)
Accounts payable and accrued liabilities	(229,037)	349,813	(219,489)	(394,738)
Deferred income	-	(137,184)	-	(214,414)
	<u>(522,701)</u>	<u>(332,846)</u>	<u>(1,440,238)</u>	<u>(1,708,425)</u>
<b>INVESTING ACTIVITIES</b>				
Mineral properties and deferred costs	(2,631,521)	(1,981,943)	(5,251,156)	(2,584,868)
Property, plant and equipment	(30,555)	(51,307)	(110,939)	(146,306)
	<u>(2,662,076)</u>	<u>(2,033,250)</u>	<u>(5,362,095)</u>	<u>(2,731,174)</u>
<b>FINANCING ACTIVITIES</b>				
Private placement of units, net of issue costs	1,999,250	8,500	1,999,250	6,694,870
Shares issued by subsidiary to minority interest	-	7,500	-	712,500
Payment of long term debt	(45,976)	(60,395)	(66,824)	(88,127)
Payment of loans payable	1,513	-	(3,391)	-
	<u>1,954,787</u>	<u>(44,395)</u>	<u>1,929,035</u>	<u>7,319,243</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>	<b>(1,229,990)</b>	<b>(2,410,491)</b>	<b>(4,873,298)</b>	<b>2,879,644</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>2,237,810</b>	<b>5,245,904</b>	<b>5,881,118</b>	<b>(44,231)</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 1,007,820</b>	<b>\$ 2,835,413</b>	<b>\$ 1,007,820</b>	<b>\$ 2,835,413</b>
<b>CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>				
Cash	\$ 1,184,070	\$ 2,951,346	\$ 1,184,070	\$ 2,951,346
Bank indebtedness	(176,250)	(115,933)	(176,250)	(115,933)
	<u>\$ 1,007,820</u>	<u>\$ 2,835,413</u>	<u>\$ 1,007,820</u>	<u>\$ 2,835,413</u>

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