

ANDEAN AMERICAN ANNOUNCES UNIT FINANCING

Vancouver, B.C., August 22, 2005. The Board of Directors of Andean American Mining Corp. (TSX-V-AAG) is pleased to announce a new non brokered private placement. The terms of the financing are:

TERM SHEET - UNIT FINANCING Up to \$4,050,000 Cdn 4.5 Million Units

- Issuer:** Andean American Mining Corp. (hereinafter referred to as “the Company”).
- Security:** Units – consisting of one common share at a price of Cdn\$0.90 per security. Each security consisting of one common share in the capital of the Company and one half non transferable share purchase warrant.
- Share Purchase Warrant:** Two half warrants will entitle the holder to acquire one common share of the Company for the price of \$1.20 for the first six months and a price of \$1.50 for the second six months.
- Forced Conversion:** The warrants will carry a forced conversion feature such that should the common shares of the Company trade at or above \$2.00 for 20 consecutive trading days then the warrants must be exercised within the next 30 calendar days. Unexercised warrants will expire thereafter.
- Resale Restrictions:** The common shares issued will be restricted from transfer for a period of four months from closing.
- Purchaser Qualifications:** The offering is open to:
- (i) residents of British Columbia and Alberta or persons resident outside of North America who qualify as purchasers either:
 - (a) under the “family, friends and business associates” exemption as set forth in section 3.1 of Multilateral Instrument 45-103 (“MI 45-103”); or
 - (b) under the “accredited investor” exemption as set forth in section 5.1 of MI 45-103
 - (ii) residents of Ontario who qualify as purchasers under the “accredited investor” exemption as set forth in section 2.3 of OSC Rule 45 s.01; and
 - (iii) residents of the United States who are “accredited investors”, as that term is defined under the Securities Act of 1933.

Use of Proceeds:

- Up to \$2,000,000 to be applied to retire outstanding convertible debentures;
- \$1,000,000 to be applied to drilling on the Sinchao Property;
- Balance to be applied to retire existing indebtedness, potential acquisitions and general working capital.

Closing:

One business day following receipt of all regulatory acceptances.

Finder's Fee:

Finders Fees in accordance with the policies of the TSX Venture Exchange may be paid as agreed to by AAG. 6% of principal.

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 with sales up 111% in 2005. Andean is actively pursuing new opportunities and has recently acquired lands from Barrick. 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. For further information, please visit our website at 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.