

ANDEAN AMERICAN ACHIEVES 35% INCREASE IN GOLD SALES FOR QUARTER ENDING DECEMBER 31, 2004

Vancouver, B.C., January 31, 2005. Andean American Mining Corp. (TSX-V:AAG) is pleased to provide operations results for the period ending December 31, 2004 for its 100% owned Santa Rosa Mine located in Southeastern Peru.

Gold sales in the quarter reached 5,000 ounces, up 35% from the previous quarter, a new record and a milestone achievement for Hector Campos, Jose Antonio Rado, Jorge Alejos and their team at the Santa Rosa Mine. The substantial improvements came about through sharply improved recoveries averaging 69.97% recovery of gold for the 108,269 metric tonnes processed in the quarter.

Gold stacked on the leach pads was 6,760 ounces in the quarter, up 21% over the same period last year, but down 22% from the previous quarter. Gold grades averaged 1.94g/t for the quarter down by 8% from the previous quarters. Gold sales at 5,000 ounces (4,730 gold and 270 from gold equivalents) were up 120% over the same quarter last year.

Despite difficulties in the quarter surrounding the ongoing development of the new Southern Structure Pit, the New Carelo Pit and the expansion activities to the ADR plant, record gold sales were achieved, reinforcing the continuous improvement of the last 4 quarters.

Silver stacked on leach pads was 140,411 ounces in the quarter holding an average grade of 40.3g/t. 16,270 ounces were sold in the quarter. A new record up 50 + % from the previous quarter.

Fresh ore mined, crushed, agglomerated and placed on pads in the quarter was 108,269 tonnes down 11% from the previous quarter but up 26% over the same quarter in 2003.

GOLD AND SILVER RECOVERIES

GOLD:

The introduction of higher concentrations of leachate has had the desired effect: more gold in solution. The enriched pregnant solution combined with the improvements in the adsorption, desorption, recovery (ADR) plant resulted in an average of 70% gold recovery for the quarter. Even though the ADR plant only worked at 88% efficiency in the Quarter.

This is for once-through processing of fresh ore. The recycling program finally got underway in late December. The recycle program, when in full swing, will substantially improve the overall recoveries.

It is important to note that the company has conservatively estimated an overall 69.7% recovery of gold after two recovery cycles (fresh and one recycle). Not sufficient recycling has been

accomplished to date to change the basic calculation yet, however early indications from January will cause this overall recovery number to be pushed well into the 80% range.

For business purposes, all inventory calculations are based on 69.7% of gold stacked on pads as recoverable. Inventory is then the difference between actual sales and the 69.7% number. All gold in inventory is valued at basic production costs (lower of cost or market rule) and silver is not valued at all.

At December 31, 2004, greater than 35,000 ounces of gold and 1 million ounces of silver remain stacked on the pads awaiting recovery. Inventory values are in the books at less than \$4.5 million Canadian. If recoveries are achieved as currently indicated the potential for substantial holding profits exists, as less than 17,000 ounces of gold are “on the books” as inventory and no silver is “on the books”.

SILVER:

The company has decided to implement the “naciont chloruant” method for silver recoveries. Although this method is new to our company it is a proven system initially developed by a bright, then young, metallurgist named J.O. Marsden.

In 1992 John Marsden won the MPD Outstanding Young Engineer Award. He currently sits as chair of the MPD Nominating Committee for the Society for Mining Metallurgy and Exploration (SME). Mr. Marsden has several publications to his credit including a joint work with Frank McQuiston Jr. Mr. Marsden has been associated with over 40 gold silver plants and 80 odd heap leaching operations.

This “aqua regia” approach is used in more than 20 mines for silver recovery. Each metallurgical solution is unique to the particular chemistry, PH, and mineralogy of each mine. The metallurgical team in Peru is diligently implementing this approach. Test results have yielded 90 – 95 % recovery with this method. This contrasts favorably with the previous method and should create an opportunity to improve recoveries by 1 to 2 hundred percent.

When the first full pad in the recycle program has been completely stripped of recoverable gold, it will be flushed with water, neutralized with hydrogen peroxide and then the new leachate be introduced. Recovery will take place over a 30 - 45 day period. This is expected in the 3rd calendar quarter.

CAPITAL EXPANSION PROJECTS:

ADR PLANT

December saw the commissioning of the new thermal regeneration oven, the new boiler, the completed carbon columns, the acid wash facility and the expanded electrolytic cells. The ADR plant now has 12 – 1000 kg carbon columns, plus 4 – 350 kg carbon columns.

It is now possible to operate at 96% efficiency, which, after thorough training will become our new objective. This 9% gain will have the additional benefit of occurring without added cost and should lower the cost of a produced ounce of gold by the same increment.

INITIAL PIT DEVELOPMENT

Major expenditures continued in the initial pit development of the Southern Structure and Carelo zone. The addition of a new D8 in January should substantially aid in timely completion and substantial cost reduction for the initial pit development of the Southern Structures. The sulfides at Carelo are being stockpiled as they are encountered, small amounts of oxide ores are being tested for recoveries with favorable results.

CONCLUSION:

A quarter filled with progress and frustrations as all programs seem to take longer than planned. Production was a little off due to both mechanical problems and slightly lower grade.

The recycle program finally started but only just late in December. The anticipated improvement in cash position will not be realized until the recycle program gets to 50,000 tonnes per month.

The completion of the last 3,000 square meters of Pad 5C has been stalled due to weather. Likewise the first 10,000 square meters of Pad 6. This directly affects the recycle program and can potentially handcuff fresh production if we do not get a weather window soon to allow completion.

The big victories in the quarter were:

- Continued growth in gold sales
- Completion of the expanded ADR plant
- Substantial improvements in gold recovery
- Solid progress on preparing 2 new pits
- Slightly surpassing overall recovery rates for gold (69.7% versus 69.97%).

PLANNED PRODUCTION AND RELATED GOLD EQUIVALENTS

Quarter Ending	Total Tonnage ¹	Total Gold Equivalent Ounces ²
March 31, 2005	145,000	5,500
June 30, 2005	300,000	8,000
September 30, 2005	375,000	12,000
December 31, 2005	450,000	9,500
March 31, 2006	450,000	15,000
June 30, 2006	450,000	15,000
September 30, 2006	450,000	15,000
December 31, 2006	600,000	15,000
March 31, 2007	600,000	20,000
June 30, 2007	600,000	20,000

September 30, 2007	600,000	20,000
December 31, 2007	600,000	15,000

¹ Includes fresh minerals and recycled minerals which have been leached once previously.

² Gold equivalents are calculated based on \$400.00 gold and \$6.70 silver to generated an equivalent ounce of gold for each 60 ounces of silver.

Note: This is planned production and planned gold and silver recoveries. This is neither guaranteed production nor recoveries. There is no guarantee the price assumptions will be in effect at the actual time of sales. There is technical risk associated with the final silver recovery method. There are all the normal risks associated with mining.

Andean American, producing, profitable, expanding and exploring. For further information contact John Huguet, President or Hai Van Le at: (604) 681-6186 or toll free: 1-888-356-4784 or visit our website at www.andeanamerican.com.

On behalf of Andean American Mining Corp.,

“John Huguet”
John Huguet
President & CEO

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