



Suite 355-601 West Cordova Street
Vancouver, British Columbia | Canada V6B 1G1
T: 604.681.6186 | 1.888.356.4784 | F: 604.681.3652
info@andeanamerican.com | www.andeanamerican.com

NEWS RELEASE
December 05, 2006

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)

The Board of Directors of Andean American Mining Corp. is pleased to provide financial results for the Quarter ended September 30, 2006. The net loss for the period was \$7,495,800 or 0.15 per share compared with a loss of \$44,452 or nil per share in the comparable period last year. As previously reported, on June 30, 2006 the Company sold its interest in its wholly owned subsidiary, Corporacion Minera Sinchao, holder of the Sinchao property, to Sinchao Metals Corp. and received 36,000,000 shares and 3,000,000 transferable warrants. As a result of this transaction the Company's interest in the Sinchao property was reduced to 78% on a fully diluted basis. The Company incurred a non-cash loss on the sale of Corporacion Minera Sinchao amounting to \$6,086,167 due to the fluctuation in the value of the shares of Sinchao Metals Corp. between the date of the agreement and the date of the closing of the transaction. In addition, as a result of differences in the book value and tax value of the mineral property interest acquired, Sinchao Metals recorded a future income tax liability of \$4,867,346 with a corresponding amount capitalized to mineral property interest.

Gross profit from operations is in line with expectations as the Company continues to develop solutions for the metallurgical problems at the Santa Rosa mine. The Quarter has been an extremely busy one with encouraging news from Invicta, which the Company continues to fast track towards an early production decision. In its news release of October 30, 2006, the Company announced results from an updated NI 43-101 report with gross metals content of over 2,000,000 gold ounces equivalent in Measured and Indicated Resources.

Highlights for the Quarter:

The loss from operations in this quarter amounting to \$696,444 compared with earnings of \$487,520 in the comparable period last year was due to low recoveries from recycled materials 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.

Net loss for the quarter ended September 30, 2006 was \$7,495,800 compared with a net loss of \$44,452 in the same quarter of 2005. The reduction in earnings in this quarter compared with the previous year was primarily due to the Sinchao transactions.

Cash used in operations in the quarter before changes to non-cash working capital items was \$901,796, compared with positive cash flow of \$656,982 in last year's quarter. The reduction in cash flow from operations 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 \$ 1,468,902 in 2006 compared with \$ 2,540,153 in 2005. Sales of gold and gold equivalents in the quarter were 2146 ounces compared to 4804 ounces in the comparable period last year. The revenue decrease in 2006 was due to the focus shifting from maximizing production to trying to solve recovery problems.

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. The continuity of economic mineralization has yet to be established. On the metallurgical front it appears that a solution for the poor gold and silver recoveries is in sight.

Invicta

Has a successful drill program underway and a major new discovery, called Ydalia, south of the Atenea Zone. Resource estimates have been published.

Sinchao

Has a major program underway with 2 drills about to begin and major expansion of the targeted areas already accomplished.

The Company expects to produce 12,000 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\$610.00 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)

	September 30, 2006	March 31, 2006
	\$	\$ (audited)
ASSETS		
CURRENT ASSETS		
Cash	1,362,553	810,500
Restricted cash (Note 9)	59,963	265,597
Accounts receivable (Note 4)	570,204	820,423
Prepaid expenses	188,499	69,700
Minerals on pads & inventories (Note 5)	5,122,197	5,231,399
	7,303,416	7,197,619
MINERAL ON PADS (Note 5)	1,599,096	1,749,223
MINERAL PROPERTIES AND DEFERRED COSTS (Note 6)	36,504,052	36,967,866
PROPERTY, PLANT AND EQUIPMENT (Note 7)	2,798,230	3,052,262
PREPAID TAX	107,257	-
	48,312,051	48,966,970
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	3,252,216	3,685,816
Deferred income	250,776	186,415
Loans payable (Note 8)	44,055	46,100
Current portion of capital lease obligation (Note 9)	11,636	264,998
Current portion of long term debt (Note 10)	623,613	975,138
	4,182,296	5,158,467
LONG TERM DEBT (Note 10)	163,288	-
FUTURE INCOME TAX LIABILITIES (Note 6)	4,867,346	-
PROVISION FOR RECLAMATION & CLOSURE COSTS (Note 11)	117,500	119,253
	9,330,430	5,277,720
MINORITY INTEREST	2,596,780	-
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 12)	58,389,291	58,371,791
CONTRIBUTED SURPLUS	1,732,684	1,674,684
DEFICIT	(23,737,134)	(16,357,225)
	36,384,841	43,689,250
	48,312,051	48,966,970
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 SIX MONTHS ENDED SEPTEMBER 30, 2006**

(Unaudited - Prepared by Management)

	Three Month Period Ended		Six Month Period Ended	
	September 30		September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
REVENUE				
Sales of metals	1,468,902	2,540,153	2,702,522	5,570,672
 OPERATING EXPENSES				
Direct operating costs	1,807,787	1,693,043	2,712,675	2,892,147
Royalty expense	26,296	24,774	47,234	80,923
Amortization and depletion	287,968	271,666	430,368	702,621
Selling expenses	40,911	59,177	71,857	122,659
Reclamation	2,384	3,973	7,132	11,274
	2,165,346	2,052,633	3,269,266	3,809,624
 GROSS PROFIT	(696,444)	487,520	(566,744)	1,761,048
 OTHER EXPENSES				
General and administrative expenses	622,810	377,452	707,376	687,390
Stock based compensation	-	87,375	-	207,353
Interest and finance expenses	22,665	5,360	48,513	11,226
Other expenses (income)	(137,738)	(339,457)	(137,738)	(258,148)
Foreign exchange (gain) loss	253,597	411,964	156,992	411,964
Loss on sale of shares (note 6)	(6,086,167)	-	(6,086,167)	-
	(7,543,945)	(44,452)	(7,428,054)	701,263
LESS: MINORITY INTEREST	48,145	-	48,145	-
NET INCOME (LOSS)	(7,495,800)	(44,452)	(7,379,909)	701,263
 DEFICIT – BEGINNING OF PERIOD	(16,241,334)	(16,342,287)	(16,357,225)	(17,088,002))
DEFICIT – END OF PERIOD	(23,737,134)	(16,386,739)	(23,737,134)	(16,386,739)
 WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
BASIC	51,535,686	45,577,029	51,523,970	44,728,018
DILUTED	52,022,087	46,670,786	52,112,153	45,821,775
 EARNINGS (LOSS) PER COMMON SHARE				
BASIC	(0.15)	(0.001)	(0.14)	0.02
DILUTED	(0.14)	(0.001)	(0.14)	0.02

ANDEAN AMERICAN MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOW
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2006
(Unaudited - Prepared by Management)

	Three Month Period Ended September 30		Six Month Period Ended September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES				
Income (loss) for the period	(7,495,800)	(44,452)	(7,379,909)	701,263
Amortization and depletion	277,466	271,666	419,866	747,007
Provision for reclamation	2,384	3,973	7,132	11,274
Foreign exchange (gain) loss	48,937	(10,943)	(47,670)	(120,722)
Stock based compensation	-	411,964	-	411,964
Others	-	24,774	-	75,223
Loss on sale of shares	6,265,217	-	6,265,217	-
	(901,796)	656,982	(735,365)	1,826,009
(Increase) decrease in accounts receivable	111,106	(217,803)	250,219	(13,138)
(Increase) decrease in inventories	(13,064)	(301,878)	259,329	(493,085)
(Increase) decrease in prepaid expenses	(77,772)	217,082	(118,798)	(48,128)
Increase (decrease) in accounts payable	(46,162)	260,563	(433,601)	114,969
Increase (decrease) in deferred income	(15,585)	124,219	64,361	190,862
Increase (decrease) in accrued interest payable	-	(336,358)	-	(321,465)
	(943,273)	402,807	(713,855)	1,256,024
INVESTING ACTIVITIES				
Mineral properties and deferred costs	108,534	(670,040)	(1,332,325)	(1,040,353)
Property, plant and equipment	(69,960)	(224,518)	(69,960)	(382,282)
	38,574	(894,558)	(1,402,285)	(1,422,635)
FINANCING ACTIVITIES				
Payment of debentures	-	(1,513,989)	-	(1,924,757)
Common shares issued for cash	-	4,734,449	17,500	4,870,491
Common shares issued by Sinchao Metals	144,926	-	2,644,926	-
Change in restricted cash	72,142	-	205,634	-
Payment of long term debt	(67,623)	(225,527)	(145,723)	(277,742)
Payment of loans payable	(26,758)	(150,730)	(54,144)	(297,586)
	122,687	2,844,203	2,668,193	2,370,406
INCREASE (DECREASE) IN CASH DURING PERIOD	(782,012)	2,352,452	552,053	2,203,795
CASH - BEGINNING OF PERIOD	2,144,565	94,000	810,500	242,657
CASH - END OF PERIOD	1,362,553	2,446,452	1,362,553	2,446,452
CASH IS COMPRISED OF:				
Cash			1,470,933	2,446,452
Bank indebtedness			(108,380)	-
			1,362,553	2,446,452

SUPPLEMENTARY CASH FLOW INFORMATION (Note 18)

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.