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Update Report

May 20, 2008

Recommendation
Speculative Buy

Risk
High

Price (May 20)
$0.64

52-Week Range
$0.91 - $0.49

Target Price
1-Year: $1.10
3-Year: $1.65

Potential Return
1-Year: 1.71x
3-Year: 2.58x

Shares O/S
73.62 million

Market Cap
$47.1 million

Average Daily Volume
20-Day: 206,900
150-Day: 189,300

Year-End
March 31

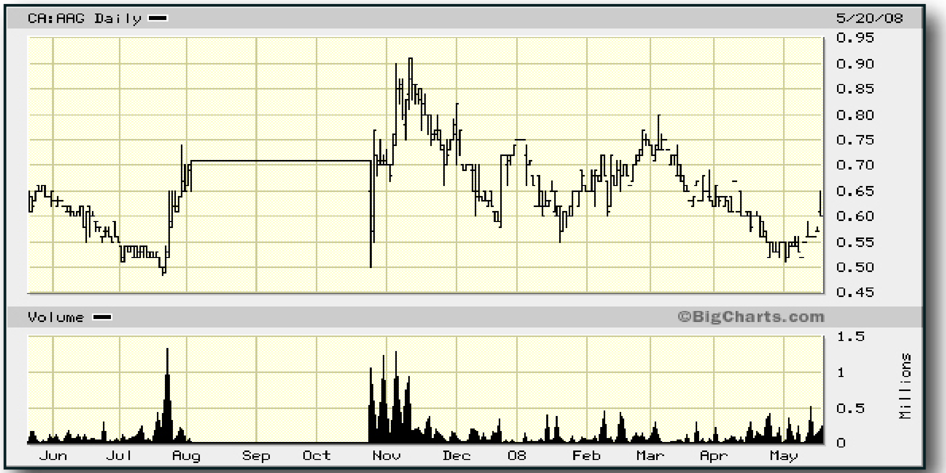
C$	BVPS	EPS
2005A	$0.82	$0.04
2006A	$0.85	$0.02
2007A	$0.49	($0.38)
2008E	$0.50	($0.05)

BVPS: Book Value Per Share
EPS: Earnings Per Share

Analysts
Eric Eng, BA, MBA
Bob Weir, B.Sc., B.Comm., CFA

ANDEAN AMERICAN MINING CORP.

($0.64: AAG –TSX-V)



Data Source: www.BigCharts.com

UPFRONT

The prospect of bringing the Invicta Project into production should boost this mining company's financing capability and draw more interest from investors.

RECOMMENDATION

We are confirming our Speculative Buy Recommendation on Andean American Mining Corp. ("Andean" or the "Company") and maintaining our one-year Target Price at $1.10 per share. Our opinion reflects our expectation that: (a) the Invicta Project will be on schedule to commence production following the feasibility report, which is expected in late 2008 ; and (b) the Santa Rosa mine will produce 8,000 - 10,000 ounces of gold equivalent per annum.

PROFILE

Andean American Mining Corp. is a Canadian junior exploration and production company with activities focused on Peru.

HIGHLIGHTS

- Expected to produce a feasibility report in late 2008 for the Invicta Project; Invicta Project Resources estimated (based the NI 43-101 Technical Report) at 4.73 million tonnes grading 2.73 g/t gold, 18.3 g/t silver and 0.45% copper in Measured and Indicated and an additional 6.08 million tonnes grading 1.44 g/t gold, 15.70 silver and 0.53% copper in the Inferred category. A new technical report is imminent.
- Production expected at Invicta 18-24 months after financing.
- Substantial asset write-downs at the Santa Rosa mine in F2007.
- Since F2007, gold production levels at the Santa Rosa mine have declined significantly due to metallurgical problems; however, Santa Rosa is self-financing at the low level.
- Estimation of Inferred Resources expected for Sinchao property in 2008.
- Ownership of the Sinchao properties reduced to 58% as of April 2008 from 74% in 2006 due to dilution from financing.

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Andean American Mining Corp.
Suite 355-601 West Cordova Street
Vancouver, B.C V6B 1G1

Telephone: (604) 681-6186
Facsimile: (604) 681-3652

www.andeanamerican.com

RATINGS HISTORY

In our Initiating Report of February 16, 2007, we recommended Andean as a Speculative Buy suitable for risk-tolerant investors, and set a 12-month Target Price of $1.30 per share. At the time, our Speculative Buy Recommendation reflected: (1) Andean's promising Peruvian mining interests, most notably its premier gold/base metals property at Invicta; (2) the Company's demonstrated ability to finance its exploration endeavours; (3) its access to the local Peruvian workforce that has in-depth knowledge of mining throughout Peru; and (4) its veteran management and technical mining team. These factors continue to support our current Speculative Buy rating.

On August 9, 2007, we placed our Recommendation and Target Price "Under Review", following the August 3 cease-trade order (the "Order") issued by the British Columbia Securities Commission (BCSC). The Order was issued as a result of: (1) the BCSC having issues with representations made in Andean's NI 43-101 technical reporting; and (2) the Company's failure to file technical reports on time (see our August 9, 2007 Commentary).

On October 24, 2007, we removed Andean from "Under Review" and reinstated our recommendation of Speculative Buy. However, we lowered our Target Price to $1.10 from the original Target Price of $1.30 (see our October 31, 2007 Bulletin). The new Target Price reflects substantial asset write-downs at the Santa Rosa mine and its lower level of gold production expected for 2008 and 2009 as a result of metallurgical problems.

Date	Report Type	Recommendation	Stock Price	Target Price
Feb. 16, 2007	Initiating Report	Speculative Buy	$0.80	$1.30
Apr. 10, 2007	Commentary	No Change	$0.75	No Change
July 27, 2007	Commentary	No Change	$0.61	No Change
Aug. 9, 2007	Commentary	Under Review	Ceased Trade	Under Review
Oct. 24, 2007	Bulletin	No Change	Ceased Trade	No Change
Oct. 31, 2007	Bulletin	Speculative Buy	$0.71	$1.10 (Lowered)
May 20, 2008	Update Report	No Change	$0.64	No Change

THE COMPANY

Andean American Mining Corp. is based in Vancouver, British Columbia and is a low-cost, gold mining and exploration company with three key assets in Peru. The Company has a veteran management and technical team led by John Huguet (see our Initiating Report of February 16, 2007). Andean has a strong competitive advantage, as demonstrated by: (a) its 100% Peruvian workforce of over 300 persons; and (b) its Peruvian subsidiaries that operate with low costs and within short time frames. Andean has a team consisting of about 50 geologists, geophysicists, engineers, metallurgists and computer scientists.

The Company's shares are listed on both the TSX Venture Exchange (symbol: AAG), the Frankfurt Stock Exchange (symbol: AQN) and the Lima Stock Exhange (symbol: AAG).

COMPANY STRATEGY

Andean's current strategy remains largely focus on bringing the Invicta project into production, with a 2008-2010 capital expenditure program estimated to be $80 million ($38 million in 2008, $34 million in 2009, and 8 million in 2010). The Company is currently negotiating with 6 interested parties on debt financing, which is expected to be in place by mid 2008.

PROPERTIES SUMMARY

Table 1. Key Properties

Property	Location	Ownership	Remarks
Santa Rosa Property	Peru	100%	* Covers 9,000 hectares; 500 KM southeast of Lima. * A fully permitted 1,185,000 tonnes per annum heap leach processing facility producing a gold and silver concentrate. * No reportable violations of environmental standards in the past 24 months. * Goal of 20,000 ounces of gold equivalent for F2007 was not met due to metallurgical problems and limited financial resources. * 8,000 to 10,000 ounces of gold equivalent ounces per annum expected going forward.
Invicta Property	West-Central Peru	100%	* 41,500 Hectares; 13,000-metre diamond drill program completed; and 10,000-metre Diamond drill program in progress. * An Amended and restated NI43-101 Technical Report dated July 24, 2007 was filed with SEDAR on October 19, 2007. * New NI 43-101 to be produced shortly. * Feasibility report has been initiated, expected to be produced in late 2008.
Sinchao Property	Northern Peru	58%	* 1,300 Hectares; four mineralized systems identified. * No NI 43-101 has been produced but mineralization has been identified (see page 12 for details).

Source: Company

Andean's main goal is to undertake a dynamic exploration program over the next few years. The NI 43-101 Technical Report of July 24, 2007 reported resource estimates of over 4.7 million tonnes Measured and Indicated grading 2.73 g/t gold, 18.3 g/t silver and 0.45% copper and over 6 million tonnes Inferred grading 1.44 g/t gold, 15.70 silver and 0.53% copper for the Invicta Project. The Company has contracted Wardrop Engineering to produce another NI 43-101 report on Invicta in May 2008, and they have also initiated a feasibility report on the project. Estimated costs to bring the Invicta Project into production are $80 million. The Company is in the process of negotiating a debt financing plan with 6 interested parties. The financing is expected to be in place by mid 2008.

COMMENT: ***The problems at the Santa Rosa mine are reflected in Andean's current share price. We believe that if Andean were to maintain an annual production level of 10,000 ounces going forward, there would be no further negative impact on the stock price.***

Monetization of the Sinchao property has strengthened Andean's financing capability, while the remaining 58% still gives the Company control of the property.

The proposed technical report on the Invicta Project, based on data from the 2007 drill program is expected to be produced soon. We believe that the completion of the new technical report and the eventual feasibility report should have a positive impact on Andean's stock price.

INVESTMENT CONSIDERATIONS

Strengths

- Andean owns three key properties: (1) the Invicta project is an advanced stage of development with resources estimates of over 4.7 million tonnes of Measured and Indicated resources grading 2.73 g/t gold, 18.3 g/t silver and 0.45% copper and over 6 million tonnes of Inferred resources grading 1.44 g/t gold, 15.70 silver and 0.53% copper ; (2) a 58% interest in Sinchao Metals Corp., with a total market value of over $28 million; and (3) the Santa Rosa mine is in production, with an estimate of 8,000 - 10,000 ounces of gold equivalent per annum.

- Management has demonstrated its ability to finance the Company's planned capital expenditures with equity issuances and debt. Currently, management is negotiating with 6 interested parties on a debt financing of its $80 million capital expenditure program (2008-2010) to bring the Invicta project into production.

- Andean has a strong management team as well as a 100% Peruvian workforce with in-depth knowledge of mining.

- A new technical report is imminent and a feasibility report is expected in late 2008 on Invicta.

Challenges

- Substantial capital expenditures are required for the Invicta Project before it is brought into production. Andean plans to invest approximately $80 million to bring this project into production ($38 million in 2008, $34 million in 2009, and $8 million in 2010). Failure to obtain the required financing could delay production and cause significant cost overruns.

- Substantial asset write-downs at the Santa Rosa mine in fiscal 2007 have reduced the value of this property as well as expected future cash flow from the mine. The 2008 production level is expected to be 8,000 - 10,000 ounces - short of the 2005 and 2006 levels at 15,548 ounces and 16,051 ounces respectively, due to asset impairment resulting from metallurgical problems and limited financial resources.

- Exposure to commodity risk and currency risk remains a concern. Commodity prices are volatile in nature and a downward trend in commodity prices could have a negative impact on stock prices and financing ability.

FINANCIAL REVIEW AND OUTLOOK

Revenues: Financial results for F2007 were negatively impacted by lower-than-expected production at the Santa Rosa mine. Only 8,397 ounces of gold and gold equivalent were produced in F2007, compared with 15,128 ounces in F2005 and 16,000 in F2006. The large shortfall was attributable to metallurgical problems at the mine, which resulted in substantial asset writedowns. The negative impact was mitigated by strong commodity prices. The outlook for F2008 results remains positive, reflecting: (1) continuing strong commodity prices; and (2) an expected higher production level.

Santa Rosa Mine - Gold and Silver Production Data Since Inception

Production Period (Fiscal year end Mar 31)	Gold in Ounces	Silver Equivavent Ounces	Total Gold Equivalent Ounces
9 months to Dec. 31 2007	5,423	1,098	6,521
Fiscal year 2007	7,218	1,179	8,397
Fiscal year 2006	15,548	1,423	16,971
Fiscal year 2005	16,051	1,048	17,099
Fiscal year 2004	7,727	342	8,069
Fiscal year 2003	7,770	83	7,853
Fiscal year 2002	536	4	540
Start-up production	1,806	-	1,806
Total to Date	**62,079**	**5,177**	**67,256**

Source: Company

Burn Rate: The Company's cash costs, excluding direct operating, royalty and selling expenses, averaged approximately $140,000 per month in F2007. This has increased moderately from $115,000 in 2006 and $112,000 in 2005. The increase largely reflects higher expenses incurred in investor relations, labour costs, and professional fees. Our estimate for fiscal 2008 is $167,000 per month, an increase of nearly 20%, reflecting higher costs as the Invicta Project approaches production.

Cash: As at December 31, 2007, the posted cash balance was $10.2 million. This amount provides Andean with good liquidity, as the Company has about 24 months of cash available to fund its operating and capital expenditures (assuming $5 million per year). In F2007 and the nine months to December 31, 2007, the Company generated negative cash gross margins due to lower production levels at the Santa Rosa mine. These deficits negatively impacted the Company's cash availability to support its ongoing cash expenses. We do not expect a negative position in gross cash margins in 2008, as the 2008 production level is expected to increase to 10,000 ounces of gold and gold equivalent.

Capex: Total capital expenditures ("capex") for the Invicta project for the calendar year 2008, 2009 and 2010 are estimated at about $38 million, $34 million and $8 million, respectively. This amount is a substantial increase compared to $5.5 million spent in fiscal 2008. This increase largely reflects more infrastructure and development activities required as the Invicta Project approaches production.

Financing: The Santa Rosa mine should be well financed with internally generated cash flows from the mine. However, the Invicta project requires significant external funds. Currently, the Company is in the process of negotiating with six interested parties on debt financing of its capex program. The financing is expected to be in place in mid 2008, subject to new resource estimates and the completion of a feasibility report. The potential debt financing, if achieved, would increase the Company's financing flexibility and liquidity while reducing the potential dilutive impact on share price.

COMMENT: *The Company has demonstrated its ability in the past to finance its operating and capital costs for the Invicta and Sinchao projects. Up to date, equity financing has been mostly done through private placements and shares issued to minority interests. This normally consists of common shares, warrants, and stock options which, if exercised, would have a dilutive impact on shareholders' equity. However, the dilutive impact should be very modest since the financing for the 2008-2010 period is expected to be largely by debt.*

Capital Structure

Capital Structure	**Mar. 31 2004**	**Mar. 31 2005**	**Mar. 31 2006**	**Mar. 31 2007**
Short-term debt/Current obligations	2,392,408	4,350,142	1,286,236	806,717
Capital leases/Debentures	2,581,398	386,030	0	0
Long-term debt	1,311,095	725,760	0	101,217
Minority interest	0	0	0	2,642,331
Common equity	32,750,411	35,823,994	43,689,250	25,591,263
Total capital	39,035,312	41,285,926	44,975,486	29,141,528
Common shares outstanding	42,688,464	43,761,462	51,512,189	52,408,489

COMMENT: *Andean's capital structure improved moderately in 2007, reflecting lower debt obligations and the restructuring at Sinchao Metals Corp. As a result of this restructuring, the Company's ownership of Sinchao Metals Corp. has been reduced to 58% from 74% in 2006, while over $3.4 million in minority interest was added to the balance sheet, providing the Company with over $3 million in cash proceeds. The F2007 equity base was negatively impacted by substantial writedowns at the Santa Rosa mine, offset by new equity issuance in December 2007.*

Options and Warrants: As at December 31, 2007, options and warrants outstanding are as follows:

Exercise Price Options:	**Number Outstanding**	**Weighted Average Remaining Life (in Years)**	**Weighted Average Exercise Price**	**Comments**	**Potential Equity**
$0.65 - $1.00	4,756,700	3.43	$0.77	Out-of-the-Money	$ 3,662,659
$1.01 - $1.25	296,000	1.00	$1.20	Out-of-the-Money	$ 355,200
Total As Dec. 31, 2007	**5,052,700**	**1.36**	**$1.36**		**$ 4,017,859**
Warrants	**Number Outstanding**	**Weighted Average Remaining Life**	**Weighted Average Exercise Price**	**Comments**	**Potential Equity**
$0.85	11,816,451	1.50	$0.85	Out-of-the-Money	$ 10,043,983
$0.90	716,560	1.80	$0.90	Out-of-the-Money	$ 644,904
Total As at December 31, 2007	**12,533,011**	**1.55**	**$0.86**		**$ 10,688,887**

COMMENT: *We expect some options to be exercised in 2008 but the majority of the options and warrants - which are deeply out-of-the money - will not likely be exercised over the near term. Dilutive impact is expected to be modest.*

Table 2. Selected Financial Statements

	9 Months to December 31:						
	2006	**2007**	**2005**	**2006**	**2007**	**2008E**	**2009E**
Statement of Income/(Loss):							
Revenue (Sales of Metals)	2,702,522	4,474,260	8,808,521	9,038,330	5,901,665	6,200,000	6,200,000
Operating Expenses	(2,831,766)	(4,473,514)	(4,055,914)	(5,035,377)	(6,479,157)	(5,800,000)	(5,800,000)
Amortization	(430,368)	(1,004,292)	(1,030,971)	(1,155,998)	(864,670)	(1,300,000)	(1,300,000)
Gross Operating Income	(559,612)	(1,003,546)	3,721,636	2,846,955	(1,442,162)	(900,000)	(900,000)
FX and Other Income (Loss)	(66,924)	(36,644)	342,669	47,131	(366,465)	(60,000)	(60,000)
General & Administrative Expense	(707,376)	(1,536,229)	(1,341,680)	(1,379,367)	(1,679,082)	(1,800,000)	(1,800,000)
Stock-based Compensation	0	(1,224,107)	(536,890)	(573,099)	(615,767)	(1,200,000)	(1,200,000)
Non-Cash Items	40,538	953,849	65,224	75,598	(22,486)	950,000	950,000
Interest on Long Term Debt	(48,513)	(33,593)	(483,526)	(286,441)	(107,103)	(43,000)	(43,000)
Minority Interest	48,145	307,818	0		366,156	300,000	300,000
Net Income/(Loss) before Non-Recurrings	(1,293,742)	(2,572,452)	1,767,433	730,777	(3,866,909)	(2,753,000)	(2,753,000)
Non-Recurring Item: Loss on Sale of Shares	(6,086,167)	(425,684)	0	0	(15,680,373)	(425,700)	(425,700)
Net Income/(Loss)	(7,379,909)	(2,998,136)	1,767,433	730,777	(19,547,282)	(3,178,700)	(3,178,700)
Total Shares Outstanding		73,600,017	43,761,462	51,512,189	52,408,489	73,600,017	73,600,017
Weighted Average Shares Outstanding	51,612,880	61,530,354	43,273,548	47,938,089	51,832,039	63,004,253	73,600,017
Earnings (Loss) Per Share	($0.14)	($0.05)	$0.04	$0.02	($0.38)	($0.05)	($0.04)
Statement of Cash Flow:							
Net Income (Loss)	(7,379,909)	(2,998,136)	1,767,433	730,777	(19,547,282)	(3,178,700)	(3,178,700)
All Non-Cash Items	6,644,544	1,576,860	1,502,637	1,813,247	17,447,412	1,675,700	1,675,700
Cash Flow from Operations	(735,365)	(1,421,276)	3,270,070	2,544,024	(2,099,870)	(1,503,000)	(1,503,000)
Capital Expenditures (Properties)	(1,332,325)	(4,895,966)	(2,220,125)	(2,771,892)	(2,966,625)	(5,500,000)	(36,200,000)
Other Investing Items	(69,960)	(2,318,947)	(1,193,351)	(1,118,783)	(134,198)	(2,300,000)	
Free Cash Flow	(2,137,650)	(8,636,189)	(143,406)	(1,346,651)	(5,200,693)	(9,303,000)	(37,703,000)
Working Capital Changes	21,510	(691,498)	638,100	(893,190)	818,992	(1,916,301)	(1,250,000)
Equity Financing	2,868,060	19,639,356	769,260	5,388,475	3,842,017	19,639,356	0
Debt Financing	(199,867)	(173,526)	(1,244,724)	(2,580,791)	(315,047)	(173,526)	38,000,000
Change in Cash	552,053	10,138,143	19,230	567,843	(854,731)	8,246,529	(953,000)
Cash, Beginning of Period (net of bank debt)	810,500	(44,231)	223,427	242,657	810,500	174,484	8,421,013
Bank Debt	108,380	88,484	0	133,005	218,715	101,217	38,101,217
Cash , End of Period	1,470,933	10,182,396	242,657	943,505	174,484	8,421,013	7,468,013

	As at December 31					
	2007	**2005**	**2006**	**2007**	**2008E**	**2008E**
Balance Sheet:						
Cash	10,182,396	242,657	943,505	174,484	8,421,013	7,468,013
Other Current Assets	2,772,400	4,221,808	6,254,114	3,467,993	2,700,000	2,700,000
Mineral Properties	34,920,954	34,752,561	36,967,866	30,453,207	36,595,954	72,370,254
Property, Plant & Equipment	1,182,872	2,466,938	3,052,262	1,188,152	1,100,000	1,100,000
Mineral on Pads/Other	3,609,726	3,285,695	1,749,223	3,454,861	3,600,000	3,600,000
Total Assets	52,668,348	44,969,659	48,966,970	38,738,697	52,416,967	87,238,267
Short-term Debt & Current obligations	413,337	4,350,142	1,286,236	806,717	413,337	413,337
Other Current Liabilities	2,511,105	3,571,373	3,872,231	3,743,331	2,510,000	2,510,000
Capital Lease Obligations/Debentures	0	386,030	0	0	0	0
Long Term Debt	101,217	725,760	0	101,217	101,217	38,101,217
Future Income Tax Liabilities	5,057,959			5,723,679	5,000,000	5,000,000
Minority Interest	7,829,234			2,642,331	7,829,234	0
Provision for Reclamation	111,553	112,360	119,253	130,159	111,500	111,500
Total Liabilities	16,024,405	9,145,665	5,277,720	13,147,434	15,551,951	45,722,717
Shareholders' Equity	36,643,944	35,823,994	43,689,250	25,591,263	36,865,016	41,515,550
Total Liabilities & Equity	52,668,349	44,969,659	48,966,970	38,738,697	52,416,967	87,238,267
Book Value (S.E.) Per Share	$0.50	$0.82	$0.85	$0.49	$0.50	$0.56

Source: Company and eResearch; E = Estimate by eResearch

COMMENTS: *Net loss is expected to be less in F2008 than in F2007. At 10,000 ounces of gold per annum, cash flows from the Santa Rosa mine should be more than sufficient to finance capital expenditures required for the mine. With a plan of $80 million in capital expenditures to bring the Invicta Project into production, the key to Andean's success lies in its ability to obtaining sufficient financing. As of January 2008, the Company has over $10 million in cash. The Company is in negotiating the debt financing for the remaining amount. The success of its financing would depend on new resources estimates and the Company's ability to complete the feasibility report.*

VALUATION

We have used the peer valuation method to determine an appropriate valuation for the shares of Andean American Mining Corp., comparing Andean with a selection of peers - Inca Pacific Resources Inc., Western Goldfields Inc. and Zaruma Resources Inc.

Inca Pacific Resources Inc.
Inca Pacific Resources Inc. is engaged in the exploration and development of mineral properties in Peru. The Company filed a Technical Report in January 2008. The Magistral Project has an estimated mine life of 15 years.

Western Goldfields Inc.
Western Goldfields Inc. is a gold mining company with operations focused in southern California. The Company's principal asset is the Mesquite Mine, which came into production in January 2008. The mine is estimated to contain 3.9 million oz of gold and equivalent.

Zaruma Resources Inc.
Zaruma Resources Inc. is an advanced-stage exploration company, with copper and gold properties located in Mexico and a gold property in Venezuela. The copper project is nearing production. Zaruma is based in Toronto and managed by a team of mining professionals with international experience.

Price-to-book Valuation
Table 3 below shows the book values per share and accompanying price-to-book (P/B) ratios for the peer companies as well as Andean. Western Goldfields and Zaruma trade on the TSX, and Inca Pacific and Andean on the TSX Venture Exchange.

Table 3. Book Value Peer Comparables (Market price as of May 20, 2008)

Company	Stock Symbol	Stock Price	Shares Outstanding	Market Cap ($M)	Book Value per Share	P/B Ratio
Inca Pacific Resources	IPR: TSX-V	$1.92	36,394,808	$69.88	$0.66	2.91
Western Goldfields Inc.	WGI: TSX	$2.37	117,221,002	$277.81	$0.61	3.89
Zaruma Resources Inc.	ZMR:TSX	$0.33	111,488,271	$36.23	$0.05	6.50
Andean American Mining Corp.	AAG: TSX-V	$0.64	73,600,017	$47.10	$0.50	1.28
Peer Average						3.64

Source: eResearch

COMMENT: *The current P/B ratio for Western Goldfields - the highest among the peers - likely reflects the successful production start-up of its Mesquite Mine in January 2008. Andean is a long way from production at the Invicta Project, and, as a result, its P/B multiple is lower than its peers'. eResearch believes that Andean's P/B ratio could approach that of peer average should the Company produce the feasibility study on schedule and bring the Invicta Project into production in 2010.*

2. Mineral Property Portfolio Ratio Methodology

Table 4. Corporate Comparison

(C$1 = US$1)		Andean American AAG: TSX-V December-07	Zaruma Resources ZMR:TSX December-07	Inca Pacific IPR: TSX-V August-07	Western Goldfields WGI: TSX June-07
Corporate:					
Share Price (May 20)		C$ 0.64	C$ 0.33	C$ 1.92	C$ 2.37
Shares O/S		74,600,017	111,488,271	36,394,808	117,221,002
Market Cap		C$ 47,744,011	C$ 36,233,688	C$ 69,878,031	C$ 277,813,775
Mineral Properties:					
Book Value (Cost)		C$ 38,142,652	C$ 6,490,153	C$ 20,082,260	C$ 49,825,173
Market Value		C$ 32,578,315	C$ 34,839,402	C$ 64,321,358	C$ 235,601,556
Difference		-C$ 5,564,337	C$ 28,349,249	C$ 44,239,098	C$ 185,776,383
Property Ratio		0.85	5.37	3.20	4.73
Average Ratio (Peers)		4.43			
Adjusted Book Value (Cost)	1	C$ 42,642,652			
Adjusted Property Ratio		0.88			
Selected Ratio		1.56			
Common Equity (Per Statements)		C$ 36,643,944			
Adjusted Common Equity (Selected Ratio)	2	C$ 52,108,631			
Equity Per Share (Per Statements)		C$ 0.49			
Adjusted Equity Per Share (Selected Ratio)	3	C$ 1.10			

Note 1: Mineral Properties are adjusted for debt financing.
Note 2: Shareholders' Equity adjusted for additions to Mineral Properties and the equity financing associated with exercise of warrants.
Note 3: Adjusted Equity Per Share is calculated on 74,600,017 shares O/S to account for 1,000,000 options assumed to be exercised.

Source: eResearch

Analysis

Andean's Mineral Property Ratio of 0.85x is low compared with the peer group average of 4.43x. The group ratio is skewed upwards, reflecting Western Goldfields' higher ratio and a recent increase in Zaruma Resources Inc.'s stock price.

After adjusting for 2008 estimated capex, essentially all financed by equity, Andean's property ratio increases modestly to 0.88x. This increase reflects the fact that $5.5 million in capex will be spent over the next 12 months. We believe that as Invicta approaches its production stage (in two years), there will be greater investor awareness and appreciation for Andean, with a consequent re-evaluation of the property ratio.

Assuming Andean approaches close to the average of its peers (adjusted for Western Goldfields), or 1.56x, the Company's intrinsic value would approach $1.10 per share.

TARGET PRICES

(1) One-Year Projection

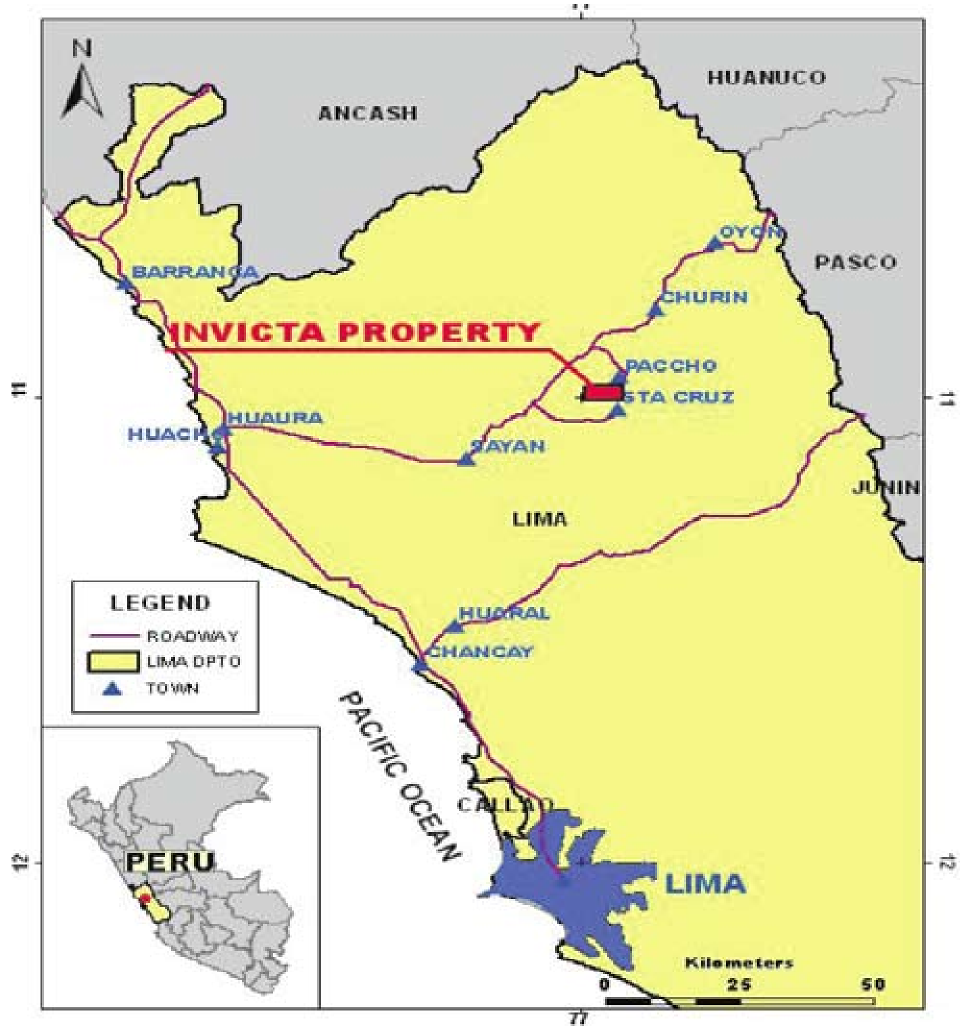
We are maintaining our one-year Target Price at $1.10 per share, taking into consideration the analysis outlined above; the upcoming technical report with new resource estimate and the completion of the feasibility study would increase in investor interest in Andean shares.

(2) Three-Year Projection

Given that: (1) annual gold production will likely be 10,000 ounces over the next three years, and the Santa Rosa mine can generate more than enough cash flow to finance its capital expenditures internally during this period; (2) the feasibility study on the Invicta Project will be produced after the revised NI 43-101 Technical Report is completed, we have set our three-year Target Price at $1.65 using a Selected Ratio of 2.50x.

APPENDIX 1: PROJECT SUMMARY

(1) Invicta Project



Source: Company

The Invicta property is comprised of 41 claims held by Andean covering an area of 37,800 hectares; and 5 claims covering 3,700 hectares held by Barrick, optioned to Andean, totaling claims on land position for the project of 41,500 hectares. Should Andean exercise its option, Barrick could acquire up to 51% of the 3,700 hectares, provided that a minimum of 2.0 million ounces of gold only are discovered and converted into proven or probable reserves. The July 24 2007 Technical Report's sources estimates. As follow:

- Measured and Indicated Resources at cut off grade 1.0 g/t: 4,739,500 tonnes grading 2.73 g/t gold, 18.3 g/t silver and 0.45% copper ;
- Inferred Resources: 6,088,700 tonnes grading 1.44 g/t gold, 15.70 silver and 0.53% copper

Recent selected drilling and sampling results (October 30, 2007 to May 1, 2008) are as follows:

Area	True Width (m)	Gold g/t	Silver g/t	Copper %
Adit, west wall	7.00*	5.74	48.5	1.33
Adit, west wall	4.00*	3.86	67.5	0.87
Adit, east wall	6.00*	4.14	46.6	1.12
Adit, east wall	2.60*	2.33	117.5	1.53
Crosscut 1S, east wall	14.00*	5.17	78.7	2.06
Crosscut 1S, west wall	15.45*	1.31	55.3	1.53
Crosscut 2S, west wall	8.20*	1.11	45.5	1.51
Crosscut 2S, east wall	9.70*	1.89	103	2.14
Crosscut 3S, west wall	3.80*	4.6	155.4	2.01
Crosscut 3S, east wall	4.30*	49.51	581.9	3.93
Crosscut 3S, east wall	1	108.44	1154	4.83
Crosscut 3S, east wall	0.3	50.21	629	3.47
Crosscut 3S, east wall	1.5	58.84	595	4.24
Crosscut 3S, east wall	1.5	0.74	178	3.1
Crosscut 4S, west wall	3.60*	2.27	47.1	1.44
Crosscut 4S, east wall	5.30*	3.71	49.9	1.66
ATE-6NW (34)	8.09	7.19	196.2	0.95
AE-DDH-07-56	5.51	13.84	140.3	3.07
AE-DDH-07-80	10.3	4.79	6.5	0.24
AE-DDH-07-27	2.46	11.27	113.7	2.77
AE-DDH-07-28	3.28	24.8	199.2	3.3
AE-DDH-07-28	11.79	7.76	75.9	1.74
AE-DDH-07-28	2.45	32.69	256.3	3.98
AE-DDH-07-36	3	1.2	76.3	5.81 Zinc
AE-DDH-07-36	2	17.27	208	2.73
AE-DDH-07-34	16.96	4.45	100.6	0.64
AE-DDH-07-33	3.34	7.76	3.4	0.08
AE-DDH-08-114	7.15*	3.82	8.6	0.1
AE-DDH-08-115	14.75*	4.43	7.5	0.09

(2) Sinchao Property

The Sinchao Property lies within the Yanacocha-Hualgayoc mining district in northern Peru and consists of four exploration rights (Valle de Sinchao 1 to 4) covering 1,300 hectares that overlie 19 mining concessions. The property is currently at the exploration and initial drill-program stage.

Four mineralized systems have been identified on the Sinchao Property: the Skarn Zone, the Breccia Zone, the High Sulphidation Epithermal Zone, and the Massive Sulphide Lenses.

The drill program is focused on defining the size and grade of the Breccia and Skarn zones. Drill hole SDH-26, the first hole of the 2007 drill program at the Skarn zone, intersected 10.25 metres grading 2.34% copper, 0.81 g/t gold, and 26.4 g/t silver, within a broader zone of 32 metres grading 0.78% copper, 0.30 g/t gold and 11.1 g/t silver. At drill hole SDH-11, the first hole of the program at the Breccia zone, the interval of 271.4 to 400 metres, graded 0.15% copper, 0.26 g/t gold and 5.3 g/t silver, for a total intersection of 322.7 metres grading 0.27% copper, 0.36% gold and 9.6% g/t silver. From November 30, 2007 to April 28, 2008, the following drill results were reported: Drill Hole SDH-17 intersected 11.5m of 0.45% copper, Drill Hole SDH-12 intersected 161m grading 0.81% copper and 0.71 g/t gold, Drill Hole SDH-31 results included 143.8 m grading 0.28% copper and Drill Hole SDH-34 included 126.3 metres grading 0.67% copper and 341.85 metres grading 0.44% copper. The above results are drill intersections, and true widths have not yet been determined. Drilling is continuing.

In addition, mineralization has now been identified over approximately 750 metres and to depths of up to 450 metres, remaining open to both the northeast and southeast.

Technical Reports on Sinchao

On March 20, 2006, Andean received an NI 43-101 Technical Report on the Sinchao Property.

The report details four distinct styles of mineralization at Sinchao: (1) a large copper-gold-zinc Skarn zone; (2) a copper-gold-silver mineralized fault and Breccia zone; (3) a high sulphidation copper-gold epithermal mineralized zone; and (4) a copper-gold-silver replacement manto-type massive sulphide. The report includes recommendations for a two-phase exploration program focused on the mineralized fault-Breccia and Skarn zones. There is confirmation of high-grade massive sulphide (sphalerite-galena-chalcopyrite-pyrite) mineralization in widespread and diverse locations in the Skarn zone. The mineralized fault and Breccia zone have the potential to continue to be the highest gold-copper grade mineralization on the property and appear to be more consistent than previously interpreted. The Skarn zone 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 in Peru, the largest known copper-zinc, silver, molybdenum and bismuth Skarn in the world.

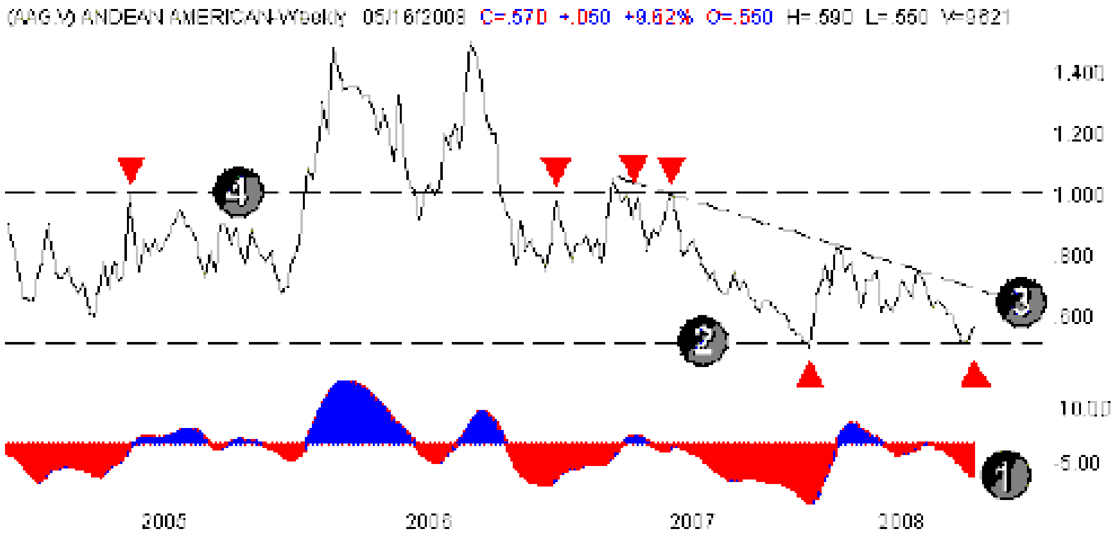
(3) Santa Rosa Mine

The 9,000 hectare Santa Rosa property is located in southern Peru, approximately 550 km southeast of Lima. It consists of the open-pit gold-and-silver mine of the same name and the surrounding zones that are current targets of exploration.

The mine started production through means of a pilot plant in July 2001 and full commercial production commenced in March 2002. Currently, there are over 1,435,000 tonnes of minerals on pads with gold and silver estimated at 39,800 ounces of gold and 1,737,800 ounces of silver totalling 68,800 ounces of gold and gold equivalent. The Company plans to recover 32,000 ounces of gold and gold equivalent from these amounts. Andean had a production objective of 20,000 ounces for 2007 at Santa Rosa but produced only 8,397 ounces due to metallurgical problems. The Company expects to produce 10,000 ounces in F2009.

APPENDIX 2: TECHNICALLY SPEAKING

By Stephen Whiteside - Publisher - TheUpTrend.com



Andean American looks like it is setting up for its next move higher.

While the stock has been moving lower recently, downward momentum has been decreasing [1], and the stock was able to stop and reverse at the previous low [2]. Both of these should be considered as bullish chart patterns until proven otherwise.

This type of reversal is called a Double Bottom, and will be confirmed with a weekly close above the current downtrend line [3], which is at $0.66.

A weekly breakout above this downtrend line should be enough to attract new buyers, and take this stock back up to test previous resistance, which is in the $1.00 area [4].

Stephen Whiteside
www.TheUpTrend.com

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***e*Research analysts on this report: Eric Eng, BA (Acct., Econ.), MBA.** Eric Eng worked at DBRS as a Analyst/ Vice President for 10 years. He obtained a BA in Accounting and Economics and an MBA in Finance at the University of Toronto. He joined *e*Research in January 2008.

Bob Weir, B.Sc., B. Comm, CFA. Bob Weir has 42 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined *e*Research in 2004.

*e*Research Analyst Group

Director of Research: Bob Weir, CFA

Financial Services
Robin Cornwell

Biotechnology/Health Care
Scott Davidson
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Transportation & Environmental Services/ Industrial Products
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Sell:	Expected total return within the next 12 months is negative.

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High Risk: *Financial* - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends.

Operational - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.

Medium Risk: *Financial* - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend.

Operational - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry.

Low Risk: *Financial* - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock.

Operational - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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For further information:
Independent Equity Research Corp.
130 Adelaide St. West, Suite 2215, Toronto, ON, Canada M5H 3P5
Telephone: 416-643-7650 Toll-free: 1-866-854-0765
www.eresearch.ca