

ANDEAN AMERICAN MINING CORP. (AAG:TSX-V)

Recommendation

Under Review

Risk

Under Review

Target Price

Under Review

Price

Ceased Trading

52-Week Range

\$1.10 - \$0.485

Potential Return

n.a.

Below High

n.a.

Above Low

n.a.

Market Cap

n.a.

Average Daily Volume

20 day: n.a.

150 day: n.a.

Year-End

March 31



Data Source: www.BigCharts.com

UPFRONT

As described below, the shares of Andean American Mining Corp. (“Andean” or the “Company”) are under a cease-trade order. Until the situation has been resolved, our Recommendation and Target Price are being placed “Under Review”. In our opinion, the connotations for the share price when trading resumes are negative.

BACKGROUND

On August 3, 2007, the British Columbia Securities Commission (BCSC) took issue with representations made in Andean’s technical reporting and issued a cease trade order on the Company’s shares until it has re-filed the 2006 NI 43-101 technical report on its Invicta gold-silver-copper property located in Peru. Andean’s shares are listed on the TSX-Venture Exchange (AAG) as well as the Frankfurt Exchange (AQN).

Specifically identified are issues in the report containing a historical resource estimate, which has higher grades than the report that Andean put out.

In addition to the NI 43-101 report itself, there are also technical reports that were not filed on time by Andean. In its press release dated April 5, 2007, Andean announced an economic evaluation of its Invicta property.

C\$	BVPS	EPS
2005a	\$0.82	\$(0.03)
2006a	\$0.85	\$(0.03)

Analysts

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Further, in its press release of June 14, 2007, Andean announced a material change in the mineral resource estimate on its Invicta property, by announcing an increase of 31% in the gold grade, 82% in the silver grade, and 51% in the copper grade.

Under NI 43-101, Andean was required to file pertinent technical reports supporting the April 5th and June 14th disclosures within 45 days of their announcement but had not done so.

In early July 2007, Andean had been prompted by the BCSC to issue a retraction on a press release in which it reviewed a series of objectives and production targets, as well as projections of mine life at Invicta. It gave geological potential tonnage estimates of certain drill targets, all contrary to NI 43-101 guidelines, without noting in disclaimers that there is no certainty that projections will be achieved, nor that any proposed operation will be economically viable.

COMMENT

In a telephone conversation with management, we were told that Company officials are working with the BCSC and the Qualified Person of the 2006 NI 43-101 report to correct the disclosure issues and file the required reports. Management anticipates the issues raised will be rectified in a relatively short time. Until then, our assessment of the stock is held in abeyance.