



Adanac Moly Corp.'s goal is to become the first successful publicly traded primary-molybdenum producer in 20 years. The company awaits final approval, expected in April, of a resource representing 22 years of mine life and billions in revenues. Based on current prices, the plan would generate a pay back in three years. Molybdenum's uses continue to expand beyond its historical base.

Symbol: AUA Exchange: TSX/VEN Current Price: \$1.07 52-Week High: \$1.07 52-Week Low: \$0.50
Shares outstanding: 47,898,008 Market cap: \$42,629,227 Website: www.adanacmoly.com
Phone: 604-531-9639 Postal Address: 15782 Marine Drive, Suite 2A, White Rock, British Columbia V4B 1E6

Massive moly mine

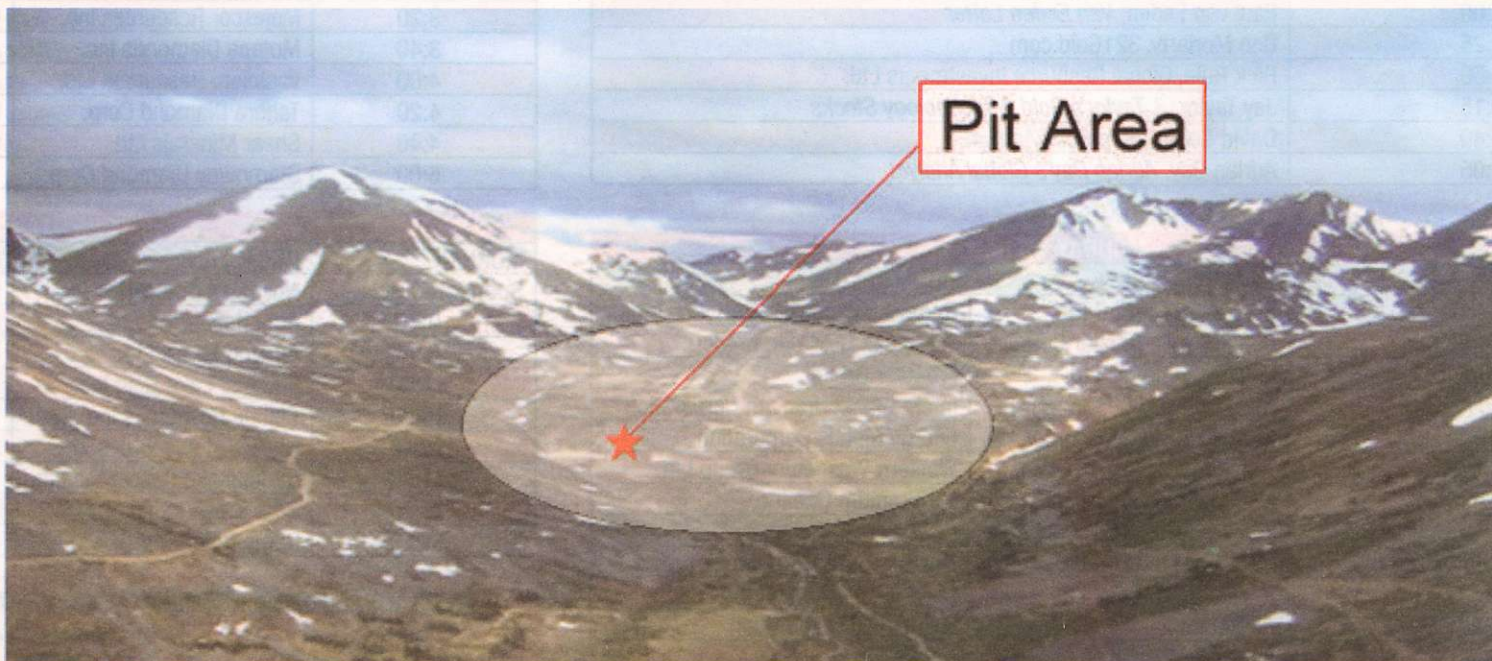
By Brian O'Hara

Adanac Moly is an advanced exploration company with a pure play on Molybdenum projects. While the price of oil, gold and copper have been taking up much of the headlines of the financial press — some attention should be paid to other metals such as molybdenum.

Adanac's main focus is on its Ruby Creek project, near Atlin BC, near the Yukon border. Ruby Creek project is a typical large, low-grade molybdenum porphyry deposit with Molybdenite as the principal ore. What sets Ruby Creek deposit apart from other porphyry molybdenum deposits is its 18 month head start on production due to completed prefeasibility and environmental technical studies.

The Ruby Creek project, has 205 million tonnes of measured and indicated resources grading 0.062% Mo with a 0.040% Mo cutoff (NI 43-101 compliant study completed by AMEC in April of 2005). The prefeasibility study was completed August of 2005. Adanac is now awaiting the results of a bankable feasibility study.

Adanac also expects to start the environmental permitting process shortly with a decision in six months. According to Larry Reaugh, president and CEO of Adanac Moly, the Ruby Creek project can be producing in the first quarter of 2008 to take advantage of the high molybdenum prices. The payback of the project capital is three years according to the prefeasibility study by Wardrop Associates.



Ruby Creek project — View of the proposed 20,000-tonne-per-day open-pit mining operation with a life of 20-plus years..

Since 2004, Adanac acquired other molybdenum exploration properties, all located in Nevada. These properties have all been explored previously by other companies dating back many years. None of the properties have resource estimates that are NI 43-101 compliant. According to Reaugh, Adanac is proceeding with a scoping study for a drilling program on the B & C Springs property.

Both the Pine Nut and Cucumungo properties are not the focus of Adanac exploration at this time and are available for exploration by joint venture partners.

1) B & C Springs is located about 12 miles Southeast of Gabbs in Nye County, Nevada. It was previously drilled by US Smelting and Refining and Mining with a resource estimate of 131 million tons grad-

ing 0.12% Mo. It is large flat tabular molybdenum occurrence measuring approximately 1,195 m long x 465 m wide x 51 m thick. The discovery hole averaged 0.30% Mo (0.50% MoS₂) over 24.4 m with copper and silver values

2) Pine Nut property located 20 miles southeast of Carson City, in Douglas County, Nevada. It was drilled by American Metal Climax in the 1960's resulting in a resource estimate of 82 million tons grading 0.06 % Mo. This property is subject to a 2% net smelter return.

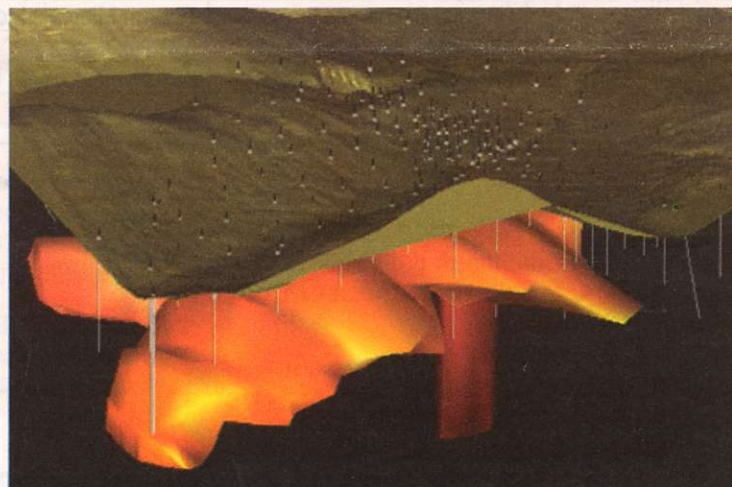
3) Cucumungo property located about 15 miles south-west of Lida in Esmeralda County, Nevada. About 30,000 feet of drilling by several exploration companies in the 1960's and 1970's indicated resources of 30 million tons of 0.066% Mo in the Basalt Cap zone plus a possible resource of 9 million tons with a potential grade ranging from 0.07-0.15% Mo

Management

Larry Reaugh, president and CEO, is a veteran mine developer who is the driving force putting together a molybdenum portfolio of exploration properties over the last five years.

He has raised over 110 million dollars of equity funding for various projects. He incorporated Rea Gold, which discovered the Samatosum deposit in 1986.

Adanac also has an experienced mining operator with Michael MacLeod, projects director, who



Underground — 3D representation of the ore body

brings over 25 years mining experience and is responsible for the Ruby Creek project. Dan Koyich has stepped down from the board to serve as the company's vice-president of corporate development.

Recent appointments of David Stone and Roger Taylor to Adanac's board now include additional senior personnel with executive-level mine-finance experience for large projects. David Stone is a mining engineer with a career that spans 25 years of consulting to the metal mining industry.

He has also authored a number of prefeasibility and feasibility studies based on his broad knowledge of current underground mining methods, capital and operating costs, and project development requirements. He also sits on a number of other Boards of TSX listed companies.

Roger Taylor, P.Eng, F.I.M.M., is a mining engineer with 45 years experience having held sen-

ior positions in many B.C. mining operations such as Granisle Mine, Zapta Granby Mining and Cominco.

He has much experience with acquisitions and feasibility studies, which were done for various major mining companies. Mr. Taylor has also held directorships in TSX-listed companies and served as a consultant on due diligence and evaluation of major mining operations in North America and Africa for various, major mining companies and international banks

Ed Lee is a director and executive vice-president of the Company. He has been an entrepreneur in private business in Northeast B.C. for 20 years, in which 12 of those have been in the assistance of corporate development and finance for public companies.

Elston Johnston has been a consultant in loss prevention for the past 28 years. During the last 15 years he has been director of



Atlin, B.C. is two hours by road from the international airport at Whitehorse, Yukon, and three hours by road from the ocean port of Skagway, Alaska.

Exchange Forum Schedule

SUNDAY, MARCH 5 - ROOM 205B

MORNING	
10:00	Ian McAvity, <i>Deliberations on World Markets</i>
10:25	David Skarica, www.stockchartoftheday.com
10:50	Ian Gordon, <i>Long Wave Analyst</i>
11:15	Bob Bishop, <i>Gold Mining Stock Report</i>
11:40	Lawrence Roulston, <i>Resource Opportunities</i>
12:05	John Kaiser, <i>Bottom Fishing Report</i>
AFTERNOON	
2:00	Paul van Eeden, <i>Van Eeden Letter</i>
2:25	Bob Moriarty, 321Gold.com
2:50	Rick Rule, <i>Global Resource Investments Ltd.</i>
3:15	Jay Taylor, <i>J. Taylor's Gold & Technology Stocks</i>
3:40	David Coffin, <i>Hard Rock Analyst</i>
4:05	Adrian Day, <i>Adrian Day's Global Analyst</i>

MONDAY, MARCH 6

MORNING	ROOM 205B	ROOM 205D
Sponsored by	Paradigm Capital Inc.	Regent Mercantile Bancorp Inc.
10:00	Constellation Copper Corp.	Tournigan Gold Corporation
10:20	Equinox Minerals Ltd.	Fronteer Group
10:40	Northern Peru Copper Corp.	International Uranium Corporation
11:00	Northern Orion Resources Inc.	Energy Metals Corporation
11:20	Tenke Mining Corp.	Western Prospector Group Ltd.
11:40	Ivanhoe Mines Ltd.	sxr Uranium One Inc.
AFTERNOON		
Sponsored by	Paradigm Capital Inc.	Dundee Securities Corporation
2:00	Nevsun Resources Ltd.	Dia Bras Exploration Inc.
2:20	AXMIN Inc.	Yukon Zinc Corporation
2:40	Banro Corporation	Ivernia Inc.
3:00	Semafo Inc.	Nautilus Minerals Inc.
3:20	Red Back Mining Inc.	Titanium Corporation Inc.
3:40	Orezone Resources Inc.	Tiberon Minerals Ltd.
4:00	High River Gold Mines Ltd.	Sherwood Copper Corp.
4:20	Crew Gold Corporation	Wolfden Resources Inc.
4:40	Golden Star Resources Ltd.	Adanac Moly Corp.

TUESDAY, MARCH 7

MORNING	ROOM 205B	ROOM 205D
Sponsored by		Dundee Securities Corporation
10:00	Moto Gold Mines Ltd.	Canadian Royalties Inc.
10:20	Dynasty Metals & Mining Inc.	Marathon PGM Corp.
10:40	Dundee Precious Metals Inc.	Crowflight Minerals Corporation
11:00	Oxiana Ltd.	First Nickel Inc.
11:20	Hecla Mining Company	Skye Resources Inc.
11:40	Cambior Inc.	International Royalty Corporation
AFTERNOON		
Sponsored by	The Windward Agency	
2:00	European Diamonds PLC	Intrepid Minerals Corporation
2:20	Contact Diamond Corp.	Viceroy Exploration Ltd.
2:40	Diamonds North Resources	Desert Sun Mining Corp.
3:00	Hudson Resources Inc.	Candente Resource Corp.
3:20	Majescor Resources Inc.	Glencairn Gold Corporation
3:40	Motapa Diamonds Inc.	Alamos Gold Inc.
4:00	Vaaldiam Resources Ltd.	Jaguar Mining Inc.
4:20	Tahera Diamond Corp.	Minefinders Corporation Ltd.
4:40	Shear Minerals Ltd.	Crystallex International Corp.
5:00	Stornoway Diamond Corp.	

WEDNESDAY, MARCH 8

MORNING	ROOM 205B	ROOM 205D
Sponsored by	Northern Securities Inc.	Dundee Securities Corporation
9:20	Atna Resources Ltd.	First Quantum Minerals Ltd.
9:40	Aurizon Mines Ltd.	New Gold Inc.
10:00	Kirkland Lake Gold Inc.	Northgate Minerals Corp.
10:20	Claude Resources Inc.	Tethyan Copper Company Ltd.
10:40	NovaGold Resources Inc.	Adastra Minerals Inc.
11:00	Queenstake Resources Ltd.	Anvil Mining Ltd.
11:20	Bear Creek Mining Corp.	Frontera Copper Corp.
11:40	Bema Gold Corp.	Quadra Mining Ltd.

NEW! INVESTMENT PRIMER IN EXPLORATION AND MINING STOCKS

Saturday March, 4
9 am - 5 pm

Course Fee: \$50 (includes course material, lunch and refreshments)

PDAC in conjunction with Desjardins Securities will present a one day workshop on understanding mineral exploration and resource development and the relation to company stock prices. This resource investment primer will be of use to both the inexperienced and experienced investor alike. Practical knowledge and insight from some of the industry's top professionals may help you avoid a costly mistake or recognize that diamond in the rough. Luncheon and refreshments sponsored by Cavalcanti Hume Funfer Inc. For full details and online registration visit www.mininginvestmentshow.com



COMMERCE RESOURCES CORP.

Commerce Resources Corp. is an exploration and development company with a particular focus on tantalum and rare metal deposits with a potential for economic grades and large tonnages. Its primary asset is the Blue River project in central British Columbia. This project is composed of the Fir and Verity properties and is an exploration-stage tantalum deposit.

Symbol: CCE Exchange: TSX/VEN Current Price: \$0.20 52-Week High: \$0.25 52-Week Low: \$0.11
Shares outstanding: 37,769,423, Market cap: \$7,553,885 Website: www.commerceresources.com
Phone: 604-484-2700 Postal Address: 789 West Pender Street, Suite 1450, Vancouver, B.C. V6C 1H2

Commerce gets impact hit on Upper Fir

Building the world's next resource of tantalum and niobium.

By Nathan Jankowski

In mid-January, Commerce Resources Corp. released new data on a Canadian tantalum property that ought to turn investors' heads. The company had previously identified at least one potentially mineable deposit on its land in Blue River, north of Kamloops, British Columbia. The new results indicate the possibility of yet another virtually identical body of rock located 1,200 metres away from the first.

In recent years, tantalum has simply been overlooked, despite potential for investment returns far exceeding that offered in many other resources, including gold and energy. Since 1955, tantalum prices have increased by 1,047 per cent. Investors can compare this with cyclical metals such as copper

at 246 per cent and zinc at 271 per cent in the same time frame. By contrast, tantalum has been in a long-term uptrend and has yielded more than four times the return.

For those not entirely familiar, tantalum is the metal that makes an array of technology possible. It has been classified as a "strategic metal" by the United States government and has been broadly referred to by investors as the "metal of the future" or the "high tech metal".

Blue River property

Most of the world's tantalum, more than 60 per cent, goes into making electronics, primarily capacitors used in desktop and laptop computers, cellular phones, PDAs, video game systems, etc.

CCE owns 100 per cent of the Blue River property and has been developing this prospect since

2001, when 11 holes confirmed the presence of tantalum previously discovered by Anschutz Mining.

In 2002, the company established an initial estimate for an open-pit mine inferred resource of 5.2 million tons of tantalum (Ta₂O₅) grading 194 g/t.

Further work in 2002 and 2003 led to an increase in resources, with indicated pegged at 5.65 million tonnes and an inferred resource at 6.74 million tonnes, grading 204 g/t tantalum. CCE also processed a 300 kilogram bulk sample to get an initial picture of extraction properties. Results to date have demonstrated that the host rock is relatively soft and recovery rates are very high — above 90 per cent.

Last year the company carried on with work to further define the extent of the deposit on its Blue River property. While the initial exploration target, known as the Fir, had yielded significant results,

CCE wanted to take a closer look at an outcropping 1,200 metres to the east of the Fir. It was thought that this piece, known as the Upper Fir, contained a structure similar to that found at Fir.

The latest results, released only weeks ago, are a strong indication that the Upper Fir is indeed a faulted section of the same mineral trend that created excitement at the Fir prospect.

The implications are that the potential for a larger deposit are now much more real and, more practically, that development costs could be lower on the Upper Fir, and because of the similar mineralogy to the Fir, use these results in pre-feasibility work.

During the next phase of development, investors could

stand to see an excellent return on investment if and when results from the pre-feasibility study and bulk samples come in, likely in the next eight to 12 months.

In the near term, this overlooked situation stands to benefit from increased investor awareness as the latest round of results confirm the potential for a profitable tantalum mine at Blue River.



Diamond drilling at Fir property

Prospects look up for Adanac as moly soars

several companies involved in mining exploration and has been involved with mine construction worldwide in his capacity as a consultant engineer.

Prefeasibility report

Wardrop Engineering completed the Ruby Creek preliminary feasibility study in August, 2005. The study indicated a capital cost of \$414 million. According to Mike McLeod, Adanac's project director, the study took into account the tight market conditions for labour and equipment. So, he does not expect any significant increases in the project cost, and possibly there could be reductions.

The company's president says the bankable feasibility report



Larry Reaugh

due shortly will be an important step. This will be the tool for raising the \$414 million in project capital, about 90 per cent, which is expected to be from debt and subordinate debt. This debt financing is expected to be provided by banks, senior mining companies and possibly major steel companies.

Mr. Reaugh says there is "lots of interest" by potential partners in the Ruby Creek project. Adanac to date has raised equity funding in tranches of \$1 million to \$2.2 million, partly with tax-advantaged flow-through shares. The large capital requirements of the Ruby Creek project will rely heavily on the mine finance experience of Larry Reaugh and his board of directors.

Exploration history

Ruby Creek was first discovered in 1905 but this molybdenum prospect had no exploration work until 1966 when Adanac Mining and Exploration (unrelated to Adanac Molybdenum) and Canadian Johns Manville drilled 12,775 metres and then optioned the property to Kerr Addison in 1970. Kerr dropped its option in 1972 after completing 5,625 metres of drilling, 589 metres of underground drifting to extract 9,545 tonnes of ore from the high grade zone for metallurgical testing.

In 1972, with the price of molybdenum at around US\$2 per pound the deposit was not economic. In 1973, Climax Molybdenum Corp. drilled a total of 2,625 metres and then dropped its option shortly after. In 1978, with molybdenum prices soaring, with a peak of over US\$30 per pound in 1979, Placer Development optioned the property, and completed 10,886 metres of drilling a full-scale technical and socio-economic evaluation.

With the price of molybdenum dropping in 1983 to under US\$5 per pound, no further work was done by Placer, which dropped its option a few years later. Adanac Mining Exploration Ltd. did no further work and the claims lapsed in the late 1990s.

Sometimes luck and good management helps bring properties into production. Mr. Reaugh originally did not intend to create a pure-molybdenum play, but sometimes, being in the right place at the right time helps.

He says that in 2001 the the company was actually exploring for tungsten near Atlin and decided to stake the Ruby Creek deposit, upon discovery of the lapsed claims. This provided a large advantage to Adanac, since the net smelter return payable to Johns Mansville was also eliminated when the claims lapsed.

Starting in 2002, Adanac compiled and reviewed the tremendous amount of historic data completing a scoping study in 2004. Adanac, in 2004 completed a drilling program of 9,087 metres in 38 drill holes. This project contains 205 million tonnes (measured and indicated) grading 0.062% Mo. The resource is open in depth and in all directions.

The prefeasibility was designed for a 20,000-tonnes per day mine with a life of at least 22 years. The mining plan totals 150.8 million tonnes, consisting of 125.9 million tonnes of ore plus 24.9 million tonnes of low grade stockpile.

Mining will be done using conventional shovels and trucks. The initial preproduction stripping will require removal of 14.9 million tons of waste in the first year. Phase-one pit will mine a higher grade section of 31 million tons of 0.078 per cent Mo. The stripping ratio with the exception of the first year will range from 0.5 to 1.4 during the first 15 years. The mine will use diesel-generated electrical power, however the power costs could be reduced significantly if a main power line is built.

The Phase 1 open pit will mine 26.7 million tonnes with a grade of 0.084 per cent Mo with a cutoff grade of 0.06 per cent Mo in order to have the initial phases generate

the highest cash flow to pay down capital as quickly as possible and to benefit from the very high market prices for molybdenum, currently over US\$25.75 a pound. The study envisions a start of production in the third quarter of 2007.

In 2008, the Ruby Creek project produces 13.5 million lbs. Mo with the total cash cost of US\$5.86 per pound and in 2009, 13.5 million pounds Mo at a cost of US\$5.64 is expected. These first years are critical to a fast payback period of the capital. In future years, the total cash costs increase range from US\$7.02 to US\$8.49 per pound with a lower production ranging from 9.2 to 11.5 million pounds per year. The critical element in the mine's feasibility is the quick payback based on the following molybdenum prices:

- 2006 — \$25 (US) per pound,
- 2007 — \$ 22 (US) per pound,
- 2008 — \$20 (US) per pound,
- 2009 — \$18 (US) per pound.

Atlin does have a long storied mining tradition starting in 1898 with the gold rush. Even today there are several small-scale placer-gold operations operating on a seasonal basis. The original gold rush of 1898 attracted thousands of gold seekers, turning Atlin in its heyday to a town of 10,000 people. The town rapidly reduced in size as the gold panned out. Atlin now has a population of about 500 with up to 200 seasonal residents during the summer.

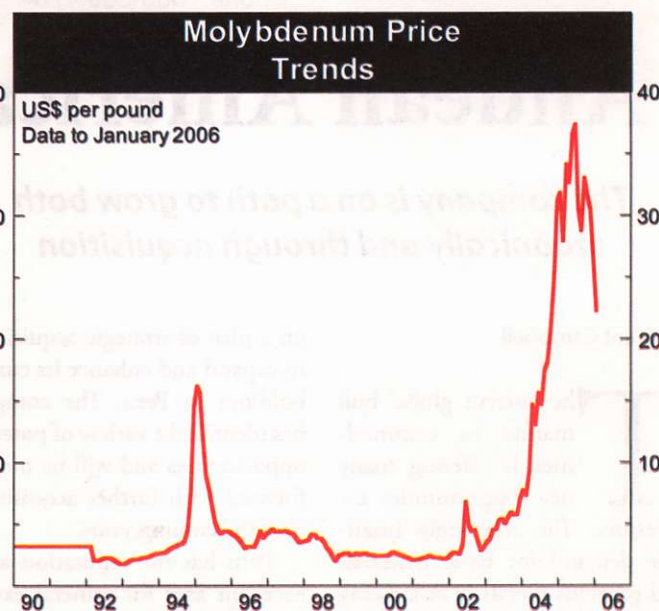
However, the Ruby Creek operation could dramatically change the employment picture of Atlin. It would require up to 1,000 personnel during the peak-construction period and have more importantly about 250 jobs created for the 20-plus-year mine life.

The Taku River Tlingit First Nations and local residents have been consulted by Adanac on the Ruby Creek project, its impact and opportunities for local residents.

The site will be structured as a fly-in-fly-out mine camp. It is anticipated most of the person-

nel will be living in northern B.C. Some personnel may in fact drive in from communities located within two hours driving distance.

Russia (five per cent) and others (five per cent). There have been cutbacks in molybdenum production in China.



Source: Scotiabank Commodity Price Index.

There would be about eight of the senior management personnel living in Atlin with a small local office there.

Molybdenum price

Molybdenum has one important characteristic — it melts at a higher temperature than steel and is used as a hardener for steel. There is no other substitute. The molybdenum market is an opaque market, with no trading in either spot or futures market. Prices are negotiated between buyer and seller.

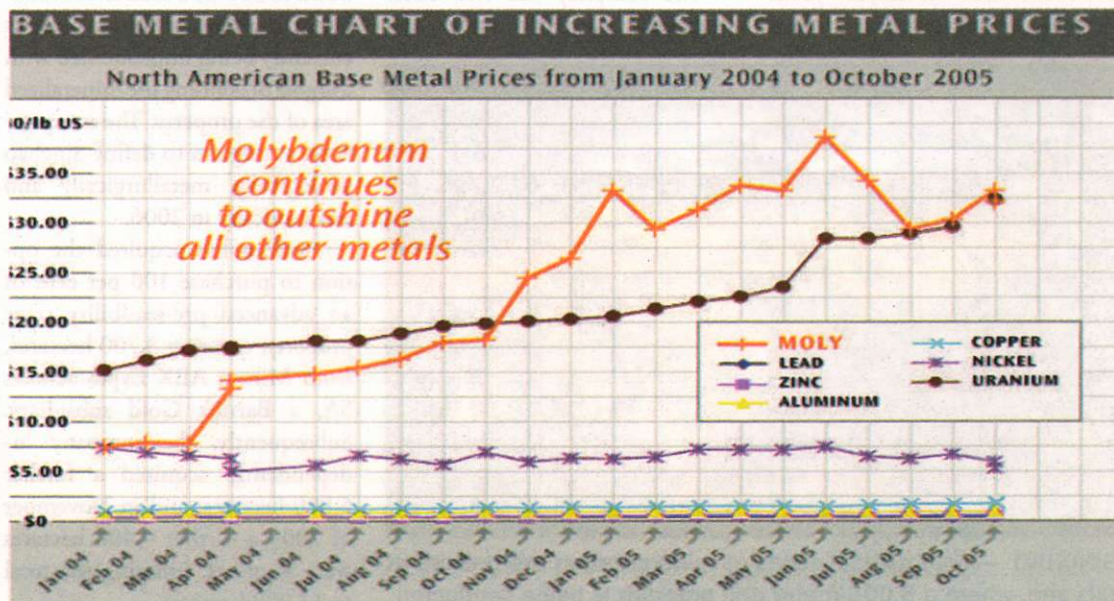
The increased demand for molybdenum is due to the increased demand for steel for construction of infrastructure in China and increased demand for specialty steels for the oil and gas sector, especially pipelines.

Some 63 per cent of molybdenum is mined as a by-products typically from copper-molybdenum porphyry deposits. World production in 2004 was estimated at 385 million pounds. The largest producers are United States (28 per cent), Chile (28 per cent), China (19 per cent), Peru (nine per cent), Canada (six per cent),

Molybdenum price is a difficult market to forecast. Molybdenum has traded between \$2 and \$4 (US) per pound from 1971 to date with several important exceptions. The period from 1975 until 1980 resulted in the price spiking upward from \$3-4 per pound — hitting a peak of over \$30 in 1979. This was due to demand from the oil and gas sector.

In 1980 the price returned to a normal price of \$5 per pound until 2001, with another short spike in 1995 where prices hit a peak of over \$17 per pound. This spike was caused by the strike at Enkako mines. From 1995 until 2003 the price of Molybdenum was under \$5 per pound. However, important changes in 2004 caused the price to increase dramatically hitting a peak of almost \$40. This time it is not a supply disruption or a temporary change but really a reflection of important changes in the molybdenum market.

The prices right now for a number of base metals, including molybdenum, as Scotiabank economist Patricia Mohr writes "are really in uncharted territory."





Andean American Mining Corp. is a low cost, gold-mining and exploration company with three key assets: the Santa Rosa mine, the Sinchao property and the Invicta pre-feasibility stage property. The open-pit mine at Santa Rosa is producing and is profitable, allowing Andean American to use its cash flows to finance some of the future growth of the company. Andean is focused on bringing a new mine into production every two years for the next six years..

Symbol: **AAG** Exchange: TSX/VEN Current Price: \$1.00 52-Week High: \$1.54 52-Week Low: \$0.60
 Shares outstanding: 51,215,669, Market capitalization: \$52,239,982 Website: www.andeanamerican.com
 Phone: 888-356-4784 Postal Address: 601 West Cordova Street, Suite 355, Vancouver, British Columbia V6B 1G1

Andean American — profitable, fast-growing

The company is on a path to grow both organically and through acquisition

By Grant Campbell

The current global bull market in commodities is offering many new opportunities for investors. The seemingly insatiable demand for basic materials and precious metals in Asia being created by the transition from an agricultural society to an industrial society has only just started and could run for years.

The creation of new middle class families in China and India is on a scale never before seen in history. The only other time that even approaches the current situation was during the post-war economic expansion in North America and Europe, which lasted nearly two decades. These new middle-class families are now in a position to purchase homes, cars, household appliances and jewelry, leading to an increase in demand that will last well into the future.

Companies that are in the business of producing these materials are in a position to see an extended period of growth in both revenue and earnings. The long-term potential for increased demand will allow these companies the opportunity to plan for growth with less uncertainty than has been seen in over 20 years.

Andean American Mining is a company on a path to growth both organically and through acquisition. The recent successful acquisitions have positioned the company for substantial growth in production over the next few years. Andean management is focused

on a plan of strategic acquisitions to expand and enhance its current holdings in Peru. The company has identified a variety of potential opportunities and will be moving forward with further acquisitions over the coming years.

Peru has the reputation as an excellent area for mineral extraction with a long history of producing gold, silver, copper, zinc and tin. Peru is currently in the top-ten countries globally in the production of these five metals — first in silver, fifth in copper, sixth in gold, fourth in zinc and third in tin. The country is focused on mineral extraction and is accommodating in regards to development.

Andean American Mining has three properties under development in Peru. The company operates the 24,000-hectare Santa Rosa gold and silver mine, located 550 kilometres southeast of Lima. Santa Rosa is expected to produce 20,000 ounces of gold this year, with plans to step up production to 45,000 ounces over the next three years.

Low-cost operation

Andean American is a profitable gold miner with revenue of \$11,590,000, earnings of \$1.75 million or \$0.04 per share and cash flow of \$4 million or \$0.09 per share. The Santa Rosa open-pit heap-leach mine is a low cost operation with cash costs of production of only \$233 an ounce, which is forecast to decline to \$200 over the next year.

The company has two other properties currently under de-

velopment. The Sinchao property located in northern Peru is being drilled and has shown 80 per cent continuous mineralization indicating copper, gold, zinc, silver and molybdenum. The property is a total of 1300 hectares. In July 2005, a further 21 hectares were acquired from Barrick Gold that will enhance the future development of the property.

There are four distinct styles of mineralization present at the Sinchao property. Future exploration will be required to identify the grade and potential size of these zones. The company is currently performing additional seven dipole/dipole geophysical work in support of the new 3-D model down to 300-350 metres. A 5,000-metre diamond-drill program is currently being implemented with the goal of defining the mineralized area of the property. The company is on a program to define Sinchao geologically, metallurgically and economically in 2006.

Andean has acquired the option to purchase 100 per cent of an advanced pre-feasibility stage property, covering 3,700 hectares, from Minera ABX Exploraciones SA, a Barrick Gold subsidiary. Subsequently, the company independently acquired a further 5,800 hectares, and in November of 2005 a further 4,400 hectares were acquired, bringing the total to 13,900 hectares.

The Invicta property located 225 kilometres from the capital Lima is showing excellent potential as a gold and base metal property. The key feature of the project is a historical indicated resource estimated to be about 1,720,000 tons, grading 6.16 Au g/t, 1% Cu and 54.43 Ag g/t between the Atenea, Pucamina and Zone 4 & 6 veins. The estimate was made in accordance with the standards in effect at the time, but such estimate is not compliant with National Instrument 43-101 The above historical estimates should not be relied upon at this time. To bring the deposit into compliance, Andean is in the process of completing a validation program.

Validation program

This validation program includes a 4,000-metre infill diamond-drill program. Other work will include detailed geological mapping, and continuation of the Pucamina and Zones 4 and 6 validation. Previous historical drilling shows the Atenea vein to contain three gold-ore shoots that remain open at depth and need more drill definition. The inferred resources and exploration potential under the Atenea vein borders 680,000 tons with an average grade of 3.88 g/t gold, 28.47 g/t silver and 0.72 per cent copper.

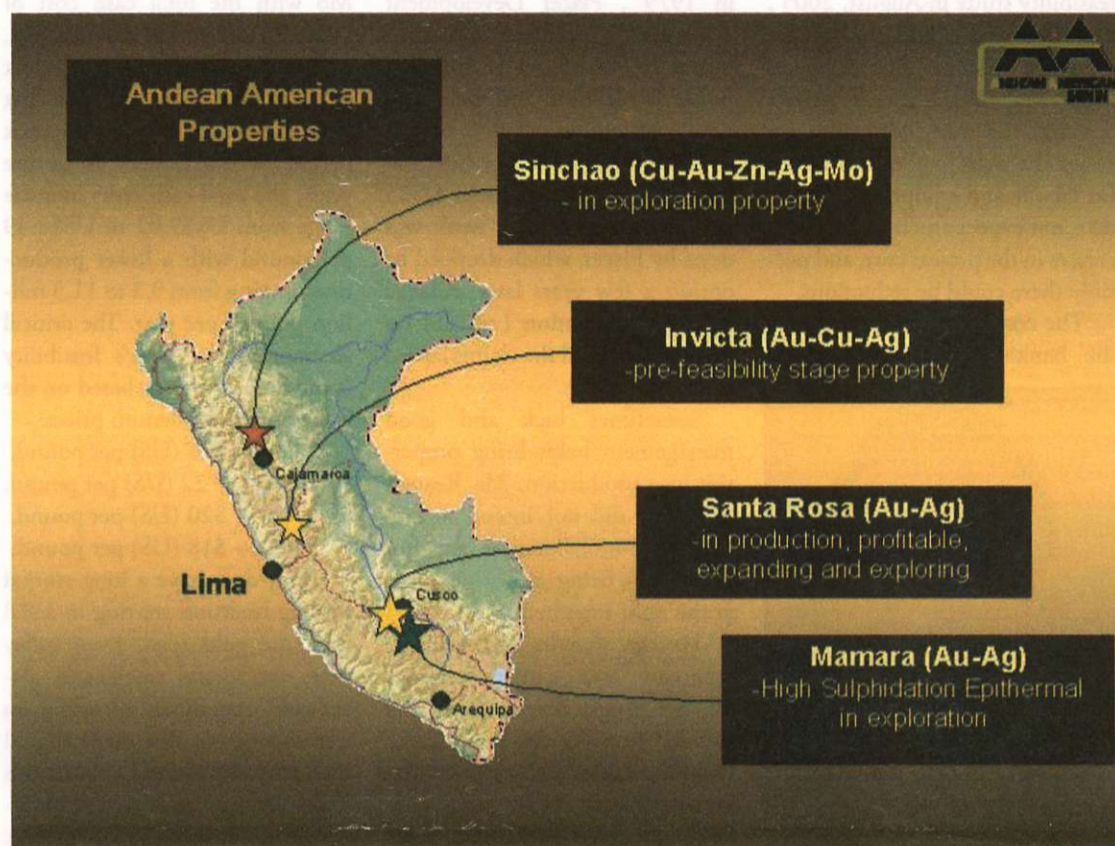
Andean has plans to increase gold production to 200,000

ounces per year. This goal will be achieved through increases at Santa Rosa and the addition of production from Invicta and Sinchao. The company is looking for opportunities to acquire properties with a potential for early production possibilities.

The management at Andean has extensive experience in Peru. John Huguet, CEO and chairman, has over 35 years experience in mine development in a variety of locations in North, Central and South America. He currently spends a substantial amount of time each month in Peru working with the field engineers on the development of these properties.

The company has a proven track record over the past 10 years as a good corporate citizen. All 285 employees, including the geologists and engineers, are Peruvian. The company is also focused on environmentally sound and sustainable development, which should lead to an enhanced relationship with the government.

Andean American Mining is well positioned with a profitable operation that will be able to fund organic growth. The recent successful acquisitions point to a management that is focused on growth through acquisition, which will enable Andean to take advantage of the long-term potential of strong global demand creating higher commodity prices.



SINCHAO — Four distinct styles of mineralization are present at this site, where a 5,000-metre drill program is being conducted.