

ANDEAN AMERICAN MINING CORP.

INTERIM CONSOLIDATED BALANCE SHEETS (Expressed in Canadian Dollars, except where noted)

	June 30, 2008	June 30, 2007	March 31, 2008
	(unaudited)	(Restated - Note 17) (unaudited)	(audited)
	\$	\$	\$
ASSETS			
Current			
Cash and cash equivalents	2,424,717	5,273,400	5,973,166
Accounts receivable (Note 4)	916,001	803,163	843,756
Prepaid expenses	144,041	268,931	239,732
Mineral on pads and inventories (Note 5)	588,864	2,849,141	752,228
	4,073,623	9,194,635	7,808,882
Mineral on pads (Note 5)	–	3,281,576	–
Mineral properties and deferred costs (Note 6)	36,748,073	30,820,093	33,799,108
Property, plant and equipment (Note 7)	1,722,685	1,085,287	1,648,965
	42,544,381	44,381,591	43,256,955
LIABILITIES			
Current			
Bank indebtedness	186,907	27,496	92,048
Accounts payable and accrued liabilities	4,991,894	2,695,726	4,982,436
Deferred income	–	225,824	–
Loans payable (Note 8)	34,670	40,941	39,574
Current portion of long term debt (Note 9)	360,452	466,701	381,300
	5,573,923	3,456,688	5,495,358
Long term debt (Note 9)	–	101,217	–
Future income tax liabilities	5,609,829	5,146,772	6,080,372
Provision for reclamation and closure costs (Note 10)	126,072	120,055	127,085
	11,309,824	8,824,732	6,207,457
Minority interest	9,754,784	5,957,500	9,752,047
	21,064,608	14,782,232	21,454,862
SHAREHOLDERS' EQUITY			
Share capital (Note 11)	69,653,248	64,652,879	69,653,248
Contributed surplus (Note 12)	9,848,329	3,823,604	9,182,035
Deficit	(58,021,804)	(38,877,124)	(57,033,190)
	21,479,773	29,599,359	21,802,093
	42,544,381	44,381,591	43,256,955
Going concern (Note 1)			
Contingency (Note 18)			
Subsequent Events (Note 19)			

APPROVED BY THE DIRECTORS

“JOHN HUGUET”

DIRECTOR

“BRYAN MORRIS”

DIRECTOR

The accompanying notes are an integral part of these interim consolidated financial statements.

ANDEAN AMERICAN MINING CORP.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT

(unaudited)

(Expressed in Canadian Dollars, except where noted)

	Three Months Ended	
	June 30, 2008	June 30, 2007
		(Restated - Note 17)
	\$	\$
REVENUE		
Sales of metals	1,020,212	1,128,552
OPERATING EXPENSES		
Direct operating costs	1,274,676	1,180,438
Royalty expense	16,873	20,469
Amortization and depletion	6,664	433,903
Selling expenses	38,106	41,886
Stock based compensation	533,875	392,314
Provision for reclamation	—	3,424
	1,870,194	2,072,434
GROSS PROFIT (LOSS)	(849,982)	(943,882)
OTHER (INCOME) EXPENSE		
General and administrative expenses	499,930	402,926
Interest expense	1,889	14,842
Other (income) expense	(23,825)	12,257
Foreign exchange gain	(335,761)	(913,488)
Dilution loss on sale of shares by subsidiary	—	589,276
Minority interest	(3,601)	36,626
	138,632	142,439
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(988,614)	(1,086,321)
DEFICIT, BEGINNING OF PERIOD	(57,033,190)	(37,790,803)
DEFICIT, END OF PERIOD	(58,021,804)	(38,877,124)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
BASIC AND DILUTED	73,620,017	61,940,074
NET INCOME (LOSS) PER COMMON SHARE		
BASIC AND DILUTED	(0.013)	(0.018)

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ANDEAN AMERICAN MINING CORP.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(unaudited)

(Expressed in Canadian Dollars, except where noted)

CASH PROVIDED FROM (USED FOR):	Three Months Ended	
	June 30, 2008	June 30, 2007
	\$	\$
		(Restated - Note 17)
OPERATING ACTIVITIES		
Net income (loss) for the period	(988,614)	(1,086,321)
Adjustments for items not affecting cash:		
Amortization and depletion	6,664	433,903
Stock based compensation	533,875	392,314
Minority interest	(3,601)	36,626
Dilution loss on sale of shares by subsidiary	–	589,276
Provision for reclamation	–	3,424
Unrealized foreign exchange gain on long-term monetary assets and liabilities	(335,761)	(643,063)
	(787,437)	(273,841)
Net changes in non-cash working capital items:		
Accounts receivable	(72,245)	(88,813)
Mineral on pads and inventories	(163,364)	(129,266)
Prepaid expenses	95,961	(61,878)
Accounts payable and accrued liabilities	9,548	(744,551)
Deferred income	–	(77,230)
	(917,537)	(1,375,579)
INVESTING ACTIVITIES		
Mineral properties and deferred costs	(2,619,635)	(602,925)
Property, plant and equipment	(80,384)	(94,999)
	(2,700,019)	(697,924)
FINANCING ACTIVITIES		
Private placement of units, net of issue costs	–	6,686,370
Shares issued by subsidiary to minority interest	–	705,000
Payment of long term debt	(20,848)	(27,732)
Payment of loans payable	(4,904)	–
	(25,752)	7,363,638
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(3,643,308)	5,290,135
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,881,118	(44,231)
CASH AND CASH EQUIVALENTS, END OF PERIOD	2,237,810	5,245,904
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash	2,424,717	5,273,400
Bank indebtedness	(186,907)	(27,496)
	2,237,810	5,245,904

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