



## ASX Announcement

3 July 2006

### ANDEAN RESOURCES LIMITED

A.C.N. 064 494 319

1/1 Nairn Street

Fremantle WA 6160

t: 61 8 9430 9966

f: 61 2 9430 9965

### Website

[www.andean.com.au](http://www.andean.com.au)

For further information on this release and Andean generally please contact:

### Warren Gilmour

Director

Tel: 0402 116 261

E-mail [warren@andean.com.au](mailto:warren@andean.com.au)

### Morrice Cordiner

Director

Tel: 61 2 9222 9444 (w)

Tel: 0412 270 761 (m)

E-mail [morrice@bigpond.net.au](mailto:morrice@bigpond.net.au)

Andean Resources Limited is listed on the ASX with the symbol "AND"

# LATEST VEIN ZONE DRILL RESULTS POINT TO FURTHER ENHANCEMENT OF CERRO NEGRO GOLD RESOURCE

## FURTHER HIGH-GRADE SHALLOW DRILL RESULTS AT VEIN ZONE

### TWIN HOLE INCERCEPT CONFIRMS PREVIOUS HIGH - GRADE ZONE (79m @ 6.1 g/t Au)

## HIGHLIGHTS

- Results from the final 4 holes of Andean's Phase 2 drill program continue to intercept zones of gold mineralisation, further enhancing the high-quality, near surface gold resource currently being defined at the Vein Zone deposit.
- Diamond drill hole VDD-639, drilled on section line 8580E (*see drill plan attached as Figure 1*), intersected an impressive 27m at 4.85 g/t Au from 39m, (including 5m at 15.50g/t Au), up-dip from the previously identified deeper zone of high-grade mineralisation defined in VDD - 629 (*comprising 23m at 4.43 g/t Au from 96m*).
- RC drill hole VRC-638, drilled on section line 8500E, has continued to extend the western boundary of known mineralisation at Vein Zone by approx 50m intersecting two new zones of mineralisation comprising 6m at 4.64g/t Au from 68m and 6m at 2.73 g/t Au from 111m.
- Twin hole VRC - 636 intercepted 79m @ 6.11 g/t Au (from 69m) as compared to 60.2m @ 6.52 g/t Au (from 69m) in Phase 1 drill hole VDD - 506, increasing geological confidence in the Vein Zone deposit.
- Diamond drill holes VDD - 635 and 640, also intersected moderate-grade zones of mineralisation comprising:
  - 21m at 1.36g/t Au in VDD - 635; and
  - 15m @ 1.21g/t Au in VDD - 640
- These results continue to define the gold ore body at Vein Zone which currently remains open to the north-west and south-east and at depth.
- These latest results are **not included** in the previously reported Interim Resource Estimate comprising 840,000 ounces Au (*at a 0.5 g/t cut-off*) released on 15 May 2006. A revised Interim Resource Statement, with the emphasis on converting Inferred Resources to higher confidence Resource categories, is currently being carried out by independent consultants, Hellman & Schofield.
- The highly successful Phase 2 drill program is now complete. Planning has commenced on the next phase of exploration work at Cerro Negro, which will involve testing for further extension of the resource to depth and along strike, in-fill drilling designed to up-grade resource classification, and initiating engineering studies and metallurgical test work as part of the feasibility study process.
- A plan illustrating the locations of Andean's drill holes completed to date is attached as Figure 1. The drill results featured in today's ASX release are highlighted in Red.

Continued.....

## CERRO NEGRO GOLD PROJECT (*Adean 100%*)

### Release of Final Results from Phase 2 Drilling at Vein Zone

Adean Resources Limited ("Adean") is pleased to release the latest results from a further 5 recently completed diamond and RC (reverse circulation) drill holes from the Company's Phase 2 Drilling program located at the Vein Zone prospect at Cerro Negro in southern Argentina. The Vein Zone is an epithermal vein deposit with broadly distributed mineralisation associated with outcropping quartz vein zones up to several meters wide. The bulk of the mineralisation however occurs in non-outcropping zones of quartz veining, breccia and stockwork up to 50m wide which are largely concealed below younger volcanic and alluvial cover.

The objective of the Phase 2 drill program, which commenced in October 2005 was to expand the areas of moderate to high-grade mineralisation defined previously at Vein Zone such that a maiden Resource Estimate could be published by the Company as the basis for assessing future possible mining options at the Vein Zone deposit.

### Assay Results from Holes VDD-635, VRC-636, VDD - 639, VDD-640 and VRC- 638

Assay results from holes VDD-635, VRC-636, VDD-639, VDD-640 and VRC-638 have been received and are summarised in the table below. These are down-hole intersections, not necessarily true widths, at a lower cut-off of 0.7 g/t and no cutting of high grades, however some of the intervals quoted include short sections of internal waste below 0.7 g/t gold. Hole coordinates have been determined by a licensed surveyor using differential GPS and are considered accurate.

#### Summary of Drill Holes VDD-639, VRC – 638 & 636, and VDD - 635 & 640

Hole Number	From (m)	To (m)	Interval (m)	Gold Value (g/t)	Elevation (m asl)	Eastings	Northing	Azimuth	Inclination	Total Depth (m)
VDD-639	39	66	27	4.85	787	8577	6553	180	-60	224
	<i>Including</i>		5	15.50						
VRC - 638	68	74	6	4.64	812	8500	6550	180	-60	126
	84	88	4	4.29						
	111	117	6	2.73						
VDD - 635	30	35	5	1.52	821	8725	6478	180	-60	243
	41	46	5	1.12						
	77	86	9	1.95						
	134	155	21	1.36						
VDD – 640	28	43	15	1.21	797	8650	6500	180	-60	216
	93	99	6	3.25						
	196	203	7	2.21						
VRC - 636	69	148	78	6.11	788	8696	6552	180	-55	175
<i>(twin of VDD – 506)</i>										

### Comments on Latest Drill Results

These latest four holes were designed to in-fill the drill density and provide data on grade and continuity of mineralization for the resource estimation program, which is currently in progress. They achieved this objective, intersecting mineralization of similar width and grade as that intersected in the earlier drill tests.

The results of twin hole VRC – 636, which was drilled as part of the continuing resource estimation process, have increased the geological confidence in the central, high-grade zone of the deposit.

Today's release of results marks the completion of the Company's highly successful Phase 2 drill program at the Vein Zone deposit.

Results from the five new drill holes released today (and the drill results reported to ASX on 13th June 2006) are not included in the Interim Resource Estimate released to ASX on 15 May 2006 and comprising 840,000 ounces Au (*at a 0.5 g/t cut-off*). All of these latest drill results are currently being incorporated into the Company's Resource model.

A revised Resource Estimate, with the emphasis on converting Inferred Resources to higher confidence Resource categories, is currently being carried out by Andean's independent consultants, Hellman & Schofield.

For further information please contact:

Morrice Cordiner  
Director  
Tel: 02 9222 9444  
Mobile: 0412 270 761

Warren Gilmour  
Chairman  
Tel: 08 9430 9966

or visit

[www.andean.com.au](http://www.andean.com.au)

**Note:**

The information in this Report that relates to Exploration Results is based on information compiled by Mr David Shatwell who is a Fellow of the Australian Institute of Geoscientists.

Mr. Shatwell has extensive experience relevant to the style and type of mineralisation and deposits under consideration, and to the activity undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the JORC Code). Mr. Shatwell consents to the inclusion in this Report on his work in the form and context in which it appears.

