



ASX Announcement

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

ANDEAN EXPANDS GOLD PROPERTY PORTFOLIO IN ARGENTINA

- Andean has secured a purchase option over 3 new highly prospective epithermal gold exploration properties in Santa Cruz province, Southern Argentina, in close proximity to Cerro Negro.
- The most advanced property, Las Mellizas, has significant potential to discover further "bonanza" gold grades, as identified by previous explorers.
- All three properties will be advanced during the current field season which is about to commence.

Andean Resources Ltd (ASX:AND) is pleased to announce it has secured, on favourable terms, Options to Purchase 3 new gold exploration properties namely, Las Mellizas, La Esperanze and San Agustin in close regional proximity to the Company's 100% owned Cerro Negro Gold Project.

Of the 3 properties, Las Mellizas is the most advanced having previously been explored by Rio Tinto and IAMGOLD primarily for a large, bulk mineable gold deposit. While prior exploration did identify a large mineralizing system, the gold grades were not determined to be economic at that time. However, exploration did identify seven vein structures with a combined strike length of at least 5 km. One such vein structure over 900 meters long, T12, was drill tested by ~ 15 drill-holes over a strike length of 550 meters on 100 meter step-outs, to a depth of 150 meters.

The results from this drilling suggest that T12 pinches and swells along strike and down-dip with the previous drilling intersecting three "bonanza" grade intercepts:

- MZRC9: 7m at 64.6 g/t Au, including 2m at 215 g/t Au (at 25m depth)
- MZRC10: 5m at 22g/t Au, including 1m at 104g/t Au (at 50m depth)
- MZRC36: 5m at 189g/t Au, including 1m at 940g/t Au (at 150m depth)

Holes MZRC10 and MZRC36, and trenches TR39 (1m at 42.3 g/t Au) and TR40 (3.3m at 21.2 g/t Au) may all be part of a "bonanza" ore shoot plunging to the south. Andean plans to test this concept during the coming field season which is about to start (see below). Andean has not been able to independently verify the drilling performed by Rio Tinto, but Andean's rock chip sampling of the T12 vein reflected the tenor of mineralization encountered by Rio Tinto, with grades of up to 500 g/t Au.

Commenting on the Les Mellizas property, Andean's new Managing Director Wayne Hubert said, "The addition of these new properties reflects Andean's strategy to expand its footprint in Santa Cruz with the concept that the Cerro Negro property may provide a centralized processing capability in the region. Las Mellizas has intriguing potential from this perspective since the deepest hole on the vein, hole MZRC36, had the highest grade intercept of 1m at 940 g/t gold. We look forward to testing the bonanza grade potential of this property at depth later this year as well as evaluating the potential for further high-grade ore shoots on the six other known vein structures already identified at Les Mellizas."

Details of the 2 other, earlier stage properties – La Esperanza and San Agustin – will be posted on Andean's website www.andean.com.au

Start of Summer Field Season

Separately, Andean is also pleased to advise that preparations for the forthcoming extensive 10 month field season in Patagonia are well advanced, with final access road and infrastructure work being completed ahead of the imminent arrival of drill rigs for the coming season which will run to June 2007.

Further details of the planned 15,000m program will be announced when drill rigs arrive on site.

Terms of the Option Agreement

In order to earn a 100% interest in the properties, Andean may, at its option, make the following payments over 4 years:-

By November 2006:	US \$ 40,000
By November 2007:	US \$100,000
By November 2008:	US \$350,000
By November 2009:	US \$500,000

Andean will be proceeding with the first of these payments for US\$ 40,000 later this month. The staggered nature of the option payments provides Andean with a low cost, low risk entry into 3 highly prospective epithermal gold properties in regional proximity to Cerro Negro.

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Note:

The information in this Report that relates to Exploration Results is based on information compiled by John Clifford who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Clifford 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 J.O.R.C. Code). Mr Clifford consents to the inclusion in this Report on his work in the form and context in which it appears.