



**ASX Media Release**

**16 June 2006**

## **KINGSGATE OFFER REMAINS WOEFULLY INADEQUATE SAYS ANDEAN**

Gold explorer Andean Resources today rejected the revised offer from hostile suitor Kingsgate Consolidated, branding the offer woefully inadequate and derisory.

The Chairman of Andean Resources, Mr Warren Gilmour, said: "the revised offer tabled by Kingsgate today represents a 24% discount to the value of their offer<sup>1</sup> at the start of the bid process. During the four months of the bid Andean has published a maiden resource estimate of almost 1 million ounces. This revised offer clearly does not recognise the value added and is woefully inadequate. It fails to deliver any meaningful premium to our shareholders and undervalues the emerging development potential of the Cerro Negro Project. This perhaps explains why Kingsgate have been unable to secure widespread acceptances from our shareholders that are not connected to Kingsgate.

"We believe the risk factors affecting Kingsgate are greater today than when their unsolicited offer was first announced. The Kingsgate share price has declined after being heavily impacted by the gold price, the monsoon season in Thailand and also market speculation regarding declining gold grades at Chatree. While the market has known for some time that the Thailand Government will clawback 51% of Kingsgate's only mine, the Andean board has not received sufficient information to provide it with any comfort in relation to this requirement," he said.

To REJECT the Kingsgate Offer, Andean Shareholders should IGNORE all documents sent to them by Kingsgate.

The independent Directors have stated they do not intend to accept the Kingsgate Offer for any Andean Shares held by them or on their behalf. Their intention is to continue to examine a range of opportunities to maximise shareholder value.

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<sup>1</sup> Based on the closing prices at 15 June 2006