



A.C.N. 064 494 319

Australian Stock Exchange Ltd
Company Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

26 February 2007

Dear Sir/Madam,

Shareholder Share Purchase Plan (“SSPP”)

In relation to the SSPP announced to the market on 15 February 2007, the Company advises that personalised application forms together with the terms and conditions of the SSPP have been posted to shareholders.

The Closing Date for the Offer is 13 March 2007.

Attached is a copy of all material sent to eligible shareholders

Yours faithfully,
Andean Resources Ltd

Ross Arancini
Company Secretary
Tel (08) 93671213

Andean Resources Limited

1/1 Nairn Street Fremantle WA 6959 t 08 9430 9966 f 08 9430 9965



22 February 2007

Dear Andean Shareholder

Offer to participate in Shareholders' Share Purchase Plan

As announced to the Australian Securities Exchange (**ASX**) on 15 February 2007, the Directors of Andean are pleased to provide eligible shareholders the opportunity to participate in a Shareholders' Share Purchase Plan (**SSPP**), allowing you to purchase up to \$4,950 worth of ordinary fully paid shares in the capital of Andean, without brokerage or transaction costs.

The SSPP is designed to raise up to a maximum \$2.64 million. In addition to the SSPP, on 15 February 2007, Andean also announced its intention to raise a total of A\$9.8 million by way of a placement to institutional investors. The issue price of shares under this SSPP is A\$0.33. This compares favourably to terms of the institutional placement of A\$0.35 per share (plus half an attaching option to acquire further Andean shares at A\$0.45 any time before February 2009).

As announced on 15 February 2007, monies raised through the SSPP and the institutional placement will be used to fund the current season's extensive drilling and exploration programmes at Cerro Negro and for general corporate purposes. Early results from this season's drilling have been encouraging with the addition of new, up-dip extensions to the mineralisation previously identified at Vein Zone.

Under the SSPP, irrespective of the size of your shareholding, you may apply for a parcel of ordinary shares valued between \$2,000 and \$4,950. Alternatively, you may do nothing, thereby retaining your current shareholding. Participation in the SSPP is entirely voluntary.

To participate in the SSPP you must complete and return the attached personalised Application Form, together with a cheque or bank draft and return it to the Andean Share Registry **on or before 5.00pm WST on 13 March 2007**. Applications will be processed on a first-come-first-served basis, up to the maximum A\$2.64 million to be raised under the plan.

The terms and conditions of the SSPP are attached. I urge you to read these before you decide whether to participate.

If you have any concerns about what to do, you should contact your broker or other financial adviser.

On behalf of your Directors, I thank you for your past support and invite you to consider this opportunity for future investment in Andean.

Yours sincerely

Warren Gilmour
Director

Andean Resources Limited

A.C.N. 064 494 319

1/1 Nairn Street, Fremantle, Perth, WA t 61 8 9430 9966 f 61 2 9430 9965

SHAREHOLDERS SHARE PURCHASE PLAN TERMS AND CONDITIONS

1. Terms

This Shareholder Share Purchase Plan (**SSPP**) entitles Eligible Shareholders in Andean Resources Limited (**Andean**) to purchase up to 15,000 fully paid ordinary shares in the capital of Andean (**Shares**) at an issue price of \$0.33.

2. Offer Timetable

Announcement Date	15 February 2007
Record Date	20 February 2007
Opening Date	28 February 2007
Closing Date	13 March 2007
Allotment Date	16 March 2007
Despatch Date	21 March 2007

Andean has a discretion to change, at any time, any of the Closing Date, Allotment Date and the Despatch Date to later dates (notwithstanding that the offer has opened, or Application Forms have been received) by lodging a revised timetable with ASX Limited (**ASX**).

3. Eligibility

This offer is open to Eligible Shareholders, being Andean shareholders:

- who are registered in Andean's share register at 7.00pm (WST) on 20 February 2007 (**Record Date**), as registered holders of Shares;
- who have an address (as recorded in Andean's share register) in Australia or such other jurisdiction in which (in the reasonable opinion of the Directors) it is lawful and practical for Andean to offer and issue Shares under the SSPP; and
- from whom Andean has received an application together with application monies before 5.00pm (WST) on 13 March 2007 (**Closing Date**).

Offers are non renounceable, which means that Eligible Shareholders cannot transfer their entitlement to purchase Shares under this offer to another person.

For the purposes of determining Eligible Shareholders:

- Joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder.
- Where a trustee or nominee and is expressly noted on the Andean register as holding Shares on account of a named beneficiary, the named beneficiary will be taken to be the registered holder of those Shares. An application for Shares, certification or issue of Shares to the trustee or nominee will be taken to be an application or certification by, or an issue to, the named beneficiary.

4. Issue Price

The issue price for each Share offered under the SSPP (**SSPP Share**) is A\$0.33 (**Issue Price**). The

closing market price of the Shares on the Announcement Date was A\$0.38.

Shareholders should note that the market price of Shares may rise or fall between the date of this offer and the Allotment Date. This means that the Issue Price may be either higher or lower than the price of Shares at the time the SSPP Shares are issued.

5. No Transaction Costs

No brokerage, commissions or other transaction costs are payable by shareholders in respect of the acquisition of SSPP Shares.

6. Rights Attaching to Shares

All SSPP Shares will be issued on the same terms as the other Shares in Andean quoted on ASX and once issued, will rank equally with existing Shares. Andean will apply for the SSPP Shares to be quoted on ASX. It is anticipated that the SSPP Shares will be quoted on ASX on or shortly after the Allotment Date.

7. Number of SSPP Shares Offered

Eligible Shareholders may apply for any number of SSPP Shares with a value of between \$2,000 (being 6,061 Shares) and \$4,950 (being 15,000 Shares).

The Issue Price will be used to determine the number of SSPP Shares to be allotted to you by dividing the dollar value of your subscription by the Issue Price. For example, if an Eligible Shareholder subscribes for \$4,000 worth of SSPP Shares, the shareholder will receive 12,121 new Shares. In the case of fractional entitlements, the number of SSPP Shares allotted will be rounded up to the nearest whole number.

Applications will be treated on a first come, first served basis up to an amount of A\$2.64 million. Applications received exceeding this amount will be returned to shareholders.

8. Maximum Applications

In order to comply with the requirements of ASIC Class Order 02/831 which imposes a maximum application amount of \$5,000, Andean has set the maximum application amount at \$4,950 worth of Shares, irrespective of how many Shares a shareholder holds on the Record Date.

9. How to Apply for SSPP Shares

Eligible Shareholders wishing to apply for SSPP Shares must:

- complete the Application Form;
- prepare a cheque for the appropriate amount, in Australian dollars, payable to **Andean Resources Limited SSPP Account**; and
- send the Application Form and cheque to the Share Registry.

Do not forward cash. Receipts for payment will not be issued. Cheques will only be accepted if they are drawn in Australian currency on an Australian financial institution.

Applications must be received by 5:00pm (WST) on the Closing Date. Applications received after that time may not be accepted.

Application money will not bear interest as against Andean under any circumstances.

10. Andean's discretions regarding applications

Andean has a broad discretion to accept or reject applications for Shares under the SSPP, including (without limitation) if:

- (a) an Application Form is incorrectly completed or incomplete or otherwise determined by Andean to be invalid;
- (b) a cheque is dishonoured or has not been completed correctly;
- (c) a cheque is not made out for the exact value of Shares you have selected on the Application Form;
- (d) it appears that a shareholder is applying for more than \$4,950 (in aggregate) of Shares;
- (e) an Application Form is received after the Closing Date. While Andean has a discretion to accept late Application Forms and cheques, there is no assurance that it will do so. Late Application Forms and cheques, if not processed, will be returned to the shareholder's registered address; and
- (f) Andean believes that the applicant is not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements).

11. Effect of applying for Shares under the SSPP

In applying to participate in the SSPP by completing and returning the Application Form, shareholders:

- (a) acknowledge the application, on these terms and conditions, will be irrevocable and unconditional (it cannot be withdrawn);
- (b) agree to pay the Issue Price per Share up to a maximum of the value selected on the Application Form;
- (c) warrant that they are an Eligible Shareholder;
- (d) certify that they have not applied for Shares with an aggregate application price in excess of \$5,000 under the SSPP or any similar arrangements in the 12 months prior to the date of application, even though the shareholder may have received more than one offer under the SSPP or received offers in more than one capacity under the SSPP;
- (e) authorise Andean (and each of its officers and agents) to correct any error in, or omission from, the Application Form and complete the Application Form by inserting any missing details;
- (f) acknowledge that Andean may at any time irrevocably determine that the application is valid, in accordance with these terms and conditions, even if the Application Form is

incomplete, contains errors or is otherwise defective;

- (g) acknowledge that neither Andean, nor the Share Registry has provided any investment advice or financial product advice, and that neither has any obligation to provide this advice;
- (h) acknowledge that Andean is not liable for any exercise of its discretions referred to in these terms and conditions;
- (i) irrevocably and unconditionally agree to these terms and conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SSPP;
- (j) acknowledge that Andean will not be obliged to issue Shares, and that the shareholder will not be entitled to be issued Shares, until Andean resolves to allot Shares to the shareholder, in whole or in part; and
- (k) agree to be bound by Andean's constitution.

12. Participation Optional

Participation in the SSPP is entirely at the option of the shareholder. If a shareholder is in any doubt as to whether they should participate in the SSPP or how such participation will affect the shareholder (including taxation implications), the shareholder should contact a professional adviser. Andean makes no recommendations as to the desirability or otherwise of your participation in the SSPP.

13. Change of Offer

Andean may change, suspend or terminate the SSPP or these terms and conditions at any time whether because of a change of law, ASIC requirements or policy or any other circumstance relevant to the SSPP or Andean. If Andean does this, it will post a notice on Andean's website and make an announcement to ASX. Failure to notify shareholders of changes to, suspension or termination of the SSPP or these terms and conditions will not invalidate the change, suspension or termination. Andean reserves the right to issue no SSPP Shares or fewer SSPP Shares than an Eligible Shareholder applies for under the SSPP if Andean believes the issue of those SSPP Shares would contravene ASIC requirements or policy, any law or any ASX Listing Rule.

14. Governing Law

These terms and conditions are governed by the laws in force in Western Australia and are to be interpreted in accordance with their spirit, intention and purpose.

Andean Resources Limited

ABN 66 064 494 319

«Holder_Name»
«Address_Line_1»
«Address_Line_2»
«Address_Line_3»
«Address_Line_4»
«Address_Line_5»

HIN / SRN: «TY» «Holder_No»

Record Date: 20 February 2007

SHAREHOLDER SHARE PURCHASE PLAN APPLICATION FORM

NON-RENOUNCEABLE OFFER CLOSING AT 5.00 PM WST ON 13 MARCH 2007

TO THE DIRECTORS, ANDEAN RESOURCES LIMITED:

I/We, the above mentioned, wish to apply for new fully paid ordinary shares having the value as stated below at an issue price of 33 cents per share which will be issued in accordance with the ANDEAN RESOURCES LIMITED Shareholder Share Purchase Plan and the Constitution of the Company.

VALUE OF NEW SHARES	AMOUNT ENCLOSED	IMPORTANT NOTICE
_\$ _____	AUD\$ _____	The minimum value of new shares you can apply for is \$2,000. The maximum value of new shares you can apply for is \$4,950. You can apply for a value of new shares between the minimum and maximum. The number of new shares that are issued to you will be determined by dividing the dollar value of your subscription by 0.33.

I/We enclose my/our payment for the full value of new shares nominated above. I/We hereby authorise you to place my/our name(s) on the register of members in respect of the new fully paid shares allotted to me/us and I/We agree to be bound by the Company's Constitution and the terms of the ANDEAN RESOURCES LIMITED Shareholder Share Purchase Plan.

PAYMENT BY CHEQUE

EITHER insert details of your cheque or bank cheque - please complete in BLOCK LETTERS

Drawer	Bank	Branch	Amount

Please provide a daytime (business hours) telephone number so that we can contact you if we have any questions regarding your application. Daytime telephone no: (.....)..... Contact Name:

LODGE YOUR APPLICATION AS SOON AS POSSIBLE AS APPLICATIONS WILL BE DEALT WITH ON A FIRST COME, FIRST SERVED BASIS

NOTE: Return of the completed application form, together with your cheque(s) made payable to "ANDEAN RESOURCES LIMITED SSPP Account" for the application monies, will constitute your offer to subscribe for new shares in the Company, and your acceptance of the Terms and Conditions of the ANDEAN RESOURCES LIMITED Shareholders' Share Purchase Plan.

This Share Purchase Plan Application Form with your payment must be lodged with the Share Registry no later than 5:00 pm WST on 13 March 2007.

FOR INSTRUCTIONS ON COMPLETING AND LODGING THIS APPLICATION FORM, PLEASE SEE OVERLEAF

IF YOU ARE UNSURE HOW TO COMPLETE THIS APPLICATION FORM, PLEASE CONTACT SECURITY TRANSFER REGISTRARS PTY LTD ON TEL: 08 9315 2333

CERTIFICATION

By completing and returning this Application Form, with my cheque(s) payment for the application monies, I/we hereby:

1. Acknowledge that I/we have read and understood the Terms of the ANDEAN RESOURCES LIMITED Shareholders' Share Purchase Plan;
2. Agree to be bound by the terms of the ANDEAN RESOURCES LIMITED Shareholders' Share Purchase Plan and the Company's Constitution.
3. Agree to accept any lesser number of new shares than the number of new shares applied for; and
4. Certify that the amount of shares subscribed for by me/us pursuant to the ANDEAN RESOURCES LIMITED Shareholders' Share Plan (being a maximum of \$4,950 worth of shares) does not exceed \$5,000, taking into account all applications including joint and other beneficial interests.

INSTRUCTIONS TO COMPLETE APPLICATION FORM

• Completion of Application Form

Insert the total amount of your subscription payment in the box headed "Amount Enclosed". If the amount of your stated payment is a different amount to the actual total of cheques included with this Application Form, the Company reserves the right to either reject your application or accept it in respect of the lesser of your stated subscription amount or your actual payment total. Receipts for payment will not be issued.

Please complete all relevant sections of the Application Form using BLOCK LETTERS.

Please see the instructions below under the heading "Payment" in relation to how you may pay for the new shares subscribed for.

• How to Lodge your Application

The completed Application Form, together with your payment for the full amount of new shares applied for; should be sent to Security Transfer Registrars. **This must be received by Security Transfer Registrars by 5:00pm WST on 13 March 2007.**

The Company's Share Registry is located at the address set out below:

BY POST

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

BY HAND

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Phone: (08) 9315 2333 Fax: (08) 9315 2233
Email: registrar@securitytransfer.com.au

• Payment

You must pay for the new shares applied for by cheque. Cash payments will not be accepted.

Payments must be made in Australian Currency and cheque(s) must be drawn on an Australian Bank.

Complete cheque details as requested. Cheque(s) must be made payable to "ANDEAN RESOURCES LIMITED SSPP Account" and crossed "not negotiable". Cheque(s) not properly drawn will be rejected. Cheques will generally be deposited on the day of receipt. If cheque(s) are dishonoured the application will be rejected.

• Limitation on Participation

The maximum subscription limitation of \$4,950 will apply even if an Eligible Member has received more than one Application Form (whether in respect of a joint holding or because the Eligible Member has more than one holding under separate share accounts).
