



ASX Announcement

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

ANDEAN DISCOVERS HIGH-GRADE GOLD and SILVER AT EUREKA

- First three diamond drill holes at Eureka encounter high-grade gold and silver mineralization over minable widths
- Eureka high-grade discovery could significantly enhance Cerro Negro project economics
- Eureka drilling ongoing with assays pending for a further 4 drill holes

SUMMARY

Results from the first Andean drilling into the Eureka Vein system (at an assumed underground cut-off of 2.5 g/t gold) are shown below:

- EDD – 701 encountered two zones of mineralization:
 - 6m of 4.2 g/t gold and 16 g/t silver from 127m; and
 - 11m of 6.4 g/t gold and 11 g/t silver from 160m (including 2m of 15 g/t gold and 27 g/t silver);
- EDD – 702 encountered three mineralized intersections:
 - 9m of 3.3 g/t gold and 50 g/t silver from 189m; and
 - 7m of 4.8 g/t gold and 42 g/t silver from 201m; and
 - 2m of 25.5 g/t gold and 129 g/t silver from 221m
- EDD – 703 encountered three mineralized intersections:
 - 6m of 16.4 g/t gold and 89 g/t silver from 158m;
 - 4m of 35.9 g/t gold and 115 g/t silver from 182m; and
 - 2m of 4.2 g/t gold and 11.2 g/t silver from 193m

These initial deep drill results from the massive outcropping Eureka vein system located 20km west of Vein Zone are considered significant for the following reasons:

- Gold grade appears to improve with depth
- First significant silver grades encountered at Cerro Negro
- The two veins drilled, Eureka West and the Eureka Main Structure, are both open along strike and at depth, with over 4 kilometres of vein outcrop to be tested
- Potentially minable widths over truck-able distances from Vein Zone

To date, seven holes have been drilled into Eureka and all have intersected quartz veining over potentially minable widths. Today's release reflects assays received for only the first three holes from the Alex Stewart laboratory in Mendoza, Argentina.

The drill collars for these holes are shown on the attached map or on the Company's website www.andean.com.au. Andean plans to drill another 6 deep drill-holes into the Main Eureka Vein as it considers focusing additional exploration efforts at Eureka following this early and potentially significant success.

CERRO NEGRO GOLD PROJECT *(Andean 100%)*

Andean Discovers High-Grade Gold and Silver at Eureka

Andean Resources Limited (ASX: AND) is pleased to release details of further drilling results from the Company's Phase 3 program targeting for the first time the Eureka Vein system at Cerro Negro in southern Argentina. The tabulated values are at a cut-off grade of 2.5 g/t gold on the assumption of an underground mining scenario for the Eureka veins. Coordinates tabulated below are provisional and subject to final survey by a licensed surveyor.

Hole Number	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)	Elevation (m asl)	Easting	Northing	Azimuth	Inclination	Depth (m)
EDD-701	127	133	6	4.2	16	555	2395049	4807984	360	-70	350m
<i>and</i>	160	171	11	6.4	11						
<i>including</i>	<i>162</i>	<i>164</i>	<i>2</i>	<i>15.2</i>	<i>27</i>						
EDD-702	189	198	9	3.3	50	601	2394950	4807960	360	-70	309
<i>and</i>	201	208	7	4.8	42						
<i>and</i>	221	223	2	25.5	129						
EDD -703	158	164	6	16.4	89	640	2394300	4808075	360	-60	246
<i>including</i>	<i>161</i>	<i>164</i>	<i>3</i>	<i>24.7</i>	<i>133</i>						
<i>and</i>	182	186	4	35.9	115						
<i>and</i>	193	195	2	4.2	11						

Intersections are drilled widths, not true widths. True widths are approximately 70% of drilled intersections.

Commentary on Results

The results from these drill holes are encouraging for several reasons:

- The holes appear to confirm that **gold grades improve with depth** -- Andean believes the current outcropping veins at Eureka are the upper part of a strong hydrothermal system as indicated by high-level quartz and chalcedony at the surface. Based on this interpretation, Andean drilled EDD-702 beneath the best historic shallow intersection of 62 m of 1.2 g/t Au drilled by prior owners, which resulted in improved gold and silver grades including 2 meters of 25.5 g/t gold and 129 g/t silver.
- **At a lower cut off grade of 0.7 g/t gold**, consistent with open pit or bulk underground mining, **all three holes returned substantial widths of mineralisation**, including some internal waste. Intersections comprised:
 - 7m of 3.9 g/t gold, 16 g/t silver from 126m and 28m of 2.7 g/t gold, 13 g/t silver from 153m **in EDD-701**
 - 41m of 3.23 g/t gold, 30 g/t silver from 189m **in EDD-702**
 - 11m of 9.7 g/t gold, 67 g/t silver from 155m and 14m of 11.2 g/t gold, 39 g/t silver from 182m **in EDD-703**
- **Significant silver grades** have been encountered when compared to Vein Zone (which has almost no silver values), and which could provide a meaningful by-product and reduced cash cost in any future mining operation.
- **Current intersections are wide enough for underground mining.** The potential for different mining scenarios will depend on further drilling results.
- Holes EDD-701 and EDD-702 were drilled on the Main Eureka Vein. EDD-703 was drilled on a parallel vein, Eureka West, which had no previous drilling, about 700 meters to the west.. **There is exploration potential for high-grade mineralization along strike in both these structures.**
- Eureka is located approximately 20 road kilometres over fairly flat terrain from Vein Zone and **could potentially represent a high-grade satellite operation which could substantially enhance the overall project economics.**
- **Good exploration potential exists along strike of the entire 4 kilometre outcropping Eureka vein system.** In addition, Andean fieldwork has recently discovered two narrow veins sets parallel to Eureka: a 750m outcropping vein one kilometre to the north and another vein 500m long, 2 kilometres to the south of Eureka.. These additional veins require further exploration to define their extent and grade potential.

Next Steps

Andean has so far drilled a total of 7 holes into the Eureka system shown on the attached map and is awaiting assays for the remaining four holes. The Company will update the market in batches as results become available and are considered material. In addition, Andean will continue to test Eureka at depth with additional holes on both veins and develop plans to accelerate the development of a resource at Eureka based on this early drilling success.

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Note:

The information in this Report that relates to exploration results is based on information provided by David Shatwell who is a Fellow of the Australian Institute of Geoscientists.

Mt 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 "Australian Code for Reporting of Mineral Resources and Ore Reserves" (the J.O.R.C. Code). Mr Shatwell consents to the inclusion in this Report on his work in the form and context in which it appears.

