



ASX Announcement

17 September 2007

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

ANDEAN PROVIDES CERRO NEGRO PROJECT UPDATE AHEAD OF NEW DRILL SEASON

- **Progress on new resource estimate and pre-feasibility study**
- **Planning for new season's 30,000m drilling program well advanced**
- **Receipt of positive preliminary metallurgical test results at Eureka (> 90% recoveries for gold; >80% for silver)**

Andean Resources Ltd (ASX:AND; TSX:AND) is pleased to provide the following update on ongoing activities in relation to the Company's 100% owned Cerro Negro gold project in Southern Argentina. During a mild winter season, good progress has been made in the following areas:

New Resource Estimate and Pre-feasibility Study

A new resource estimate covering both the Vein Zone deposit and the Eureka West prospect area is currently being finalised. This work, which is compliant to NI 43 – 101 and JORC, is being carried out by independent Mining Consultants, Micon International Inc. The new resource estimate will incorporate last season's Phase 3 infill drilling at Vein Zone and also a maiden resource calculation derived from the initial 25 holes drilled at the new Eureka West vein. The resource estimate is expected to be completed in September 2007.

The new resource estimate will form the basis of a pre-feasibility study ("PFS") which will be managed under the direction of Mr Peter Blakely, who was recently appointed to the role of Chief Engineer at Andean. The PFS will contemplate mining scenarios at both Eureka and Vein Zone and the construction of a processing facility near Vein Zone. Andean is currently finalising contracts of work with engineering companies and other key mining consultants to complete the PFS by mid-2008.

Preparations for Phase 4 Drilling and Exploration Programs

Preparations are now also well advanced in relation to the next phase of drilling and exploration activities at Cerro Negro. A Phase 4 drilling program of ~30,000 meters at Cerro Negro is planned for the coming season, making it the largest and most aggressive exploration program undertaken to date by Andean.

Following a mild winter season in Patagonia, Andean expects the Phase 4 drilling programs to commence in October with two drill rigs, followed by another rig later in the year. High priority targets include;

- extending the Eureka West Vein along strike to the east, west and to depth;
- an infill drilling program at Eureka West, and;
- a brown-fields exploration program testing new targets

A further announcement giving more details of the Phase 4 program, which is planned to run for the duration of the 2007/08 field season, will be made nearing the commencement of drilling.

Continued

Initial Metallurgical Test Results From Eureka

Andean is also pleased to report that it had received the results from the initial series of metallurgical tests carried out on ore samples taken from the Eureka prospect area.

Testwork was completed by specialist metallurgical consultants, Ammtec Limited of Perth, Australia on two samples: one 14kg sample from hole EDD-702 representing the Main Eureka Vein with grades of 3.5 g/tonne gold and 32 g/tonne silver and a 11 kg sample selected from hole EDD-705 representing the Eureka West Vein with grades of 5.2g/tonne gold and 30 g/tonne silver. Even though both these samples selected were significantly lower grade than the average grades of the Eureka drilling, Andean completed the initial testwork to identify any potential metallurgical issues.

The resulting gold and silver metallurgical recoveries for the two samples are shown below:-

Sample	Grind Size P ₈₀	% Extraction at Hours					Consumption (Kg/t)	
		2hr	4hr	12hr	24hr	48hr	Lime	NaCN
EDD-702 gold	75um	84.8	88.0	93.0	96.0	96.7	0.53	0.48
EDD-702 silver	75um	42.0	50.9	64.6	74.7	83.9		
EDD-705 gold	75um	45.7	55.5	75.6	85.9	91.6	0.44	0.36
EDD-705 silver	75um	45.2	55.4	69.5	76.7	82.2		

These results confirm the expected positive metallurgical characteristics of the quartz veins at Eureka. Typically, with a higher-grade sample at Eureka, which is more representative of the recent drilling, gold and silver recoveries may improve, as the precious metals tails grade is expected to remain constant. In addition, low reagent consumption should support the expected lower operating costs.

More extensive metallurgical test work is planned as part of the PFS mentioned above.

This above results are consistent with the excellent metallurgical results (> 95% recoveries) previously received from samples taken at Vein Zone and reported in March 2007.

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