

January 29, 2010

Quarterly Report for the Quarter Ended December 31st 2009

Fremantle, Australia - Andean Resources (**AND:ASX; AND:TSX**) is pleased to report the results for the quarter ended December 31, 2009, covering the Company's activities at its 100% owned Cerro Negro epithermal gold project in southern Argentina. Good progress continues to be made in the exploration programs designed to increase the Company's overall gold and silver resources; in the bankable feasibility study; in site infrastructure; and in building a Board of Directors and management team to enable the path to production.

Highlights

- Announced the discovery of the San Marcos vein, with a current strike length of 300 meters and approximately 150 meters beneath the surface; the vein remains open to the east and at depth:
 - SRC-901: 22m of 8.5 g/t gold and 58 g/t silver from 181m
 - SRC-902: 16m of 10.3 g/t gold and 86 g/t silver from 195m
 - SRC-903: 7m of 8.1 g/t gold and 77 g/t silver from 189m
 - SRC-904 1m of 6.8 g/t gold and 62 g/t silver from 189m
- Further drilling at the Bajo Negro vein extended known strike length to over 1.1 kilometers with the vein remaining open along strike and to depth:
 - BDD-958: 3.4m of 13.8 g/t Au and 22 g/t Ag from 309m
 - BDD-960: 6.55m of 10.4 g/t Au and 39 g/t Ag from 338m
 - BDD-962: 7.85m of 8.2 g/t Au and 18 g/t Ag from 354m
 - BDD-969: 4.14m of 13.0 g/t Au and 70 g/t Ag from 318.15m
- Commenced infill drilling of the Bajo Negro vein in order to complete a resource statement in the first quarter of 2010, which will be included in the Bankable Feasibility Study due in June 2010
- Began drilling the Mariana Norte and Mariana Sur targets
- Appointment of Butch Wulftange as Vice President, Exploration
- Announced Board of Directors changes
- Cash balances at quarter-end were A\$87.1 million

Exploration Activities

San Marcos – another new discovery

During the quarter, the Company announced the latest discovery at San Marcos, located 5 kilometers northeast of the Eureka deposit. With only one drill rig focused on exploration (the other 4 rigs were being used to complete infill drilling at Bajo Negro and condemnation drilling for the Bankable Feasibility Study), four holes drilled at 100 meter spacing resulted in:

SRC-901: 22m of 8.5 g/t gold and 58 g/t silver from 181m
SRC-902: 16m of 10.3 g/t gold and 86 g/t silver from 195m
SRC-903: 7m of 8.1 g/t gold and 77 g/t silver from 189m
SRC-904 1m of 6.8 g/t gold and 62 g/t silver from 189m

A fifth hole, SRC-905, was drilled 100m west of SRC-904 and did not intersect the vein.

The first ore shoot at San Marcos was intersected over a strike length of 300 meters and approximately 150 meters beneath the surface and remains open to the east and at depth. Further drilling is in progress.

The widths reported above are intersected widths. True widths are not known at this time and will be reported once additional drilling provides more information. Andean has assumed an underground cut-off grade of 2.5 g/t gold at San Marcos for all the interval summaries reported in this release

Continued expansion at Bajo Negro

The Company continued its drilling focus on the Bajo Negro area, located 13 kilometers from the Eureka West veins and 2 kilometers south of Vein Zone. To-date, the vein has been delineated over 1.1 kilometers in strike length and remains open along strike.

The widths reported are intersected widths. The horizontal widths depend on the attitude of the vein and the angle of the drill-hole and they are generally but not always less than the intersected widths. Andean has assumed an underground cut-off grade of 2.5 g/t gold at Bajo Negro for all the interval summaries reported in this release.

Step-out holes 150m along strike to the north-west:

BDD-958: 3.4m of 13.8 g/t Au and 22 g/t Ag from 309m
BDD-960: 6.55m of 10.4 g/t Au and 39 g/t Ag from 338m
BDD-962: 7.85m of 8.2 g/t Au and 18 g/t Ag from 354m
BDD-969: 4.14m of 13.0 g/t Au and 70 g/t Ag from 318.15m

Step-out holes to depth

BDD-957: 4.1m of 5.7 g/t Au and 17 g/t Ag from 294m
BDD-961: 4m of 24.5 g/t Au and 76 g/t Ag from 305m
BDD-963: 9.85m of 5.5 g/t Au and 17 g/t Ag from 340m
Including 2.1m of 16.6 g/t Au and 25 g/t Ag from 340m

In addition to these step-out holes, Andean drilled about another 70 core holes to infill the Bajo Negro zone on a 30-40 meter pattern. All of these new holes will be used to develop the Bajo

Negro resource estimate for the Bankable Feasibility Study. The resource statement is expected late in the first quarter of 2010. Some of the infill results during the quarter included:

BDD-956: 12.4m of 12.1 g/t Au and 38 g/t Ag from 271m
BDD-959: 16.0m of 10.1 g/t Au and 28 g/t Ag from 263m
BDD-965: 8.4m of 13.1 g/t Au and 79 g/t Ag from 137m
BDD-966: 6.85m of 13.9 g/t Au and 17 g/t Ag from 118.15m
BDD-967: 4.3m of 38.8 g/t Au and 76 g/t Ag from 125.7m
BDD-970: 9.5m of 16.5 g/t Au, 60 g/t Ag from 142.5m
BDD-971: 7.0m of 8.4 g/t Au and 8g/t Ag from 115m
and 6.8m of 5.6 g/t Au and 15 g/t Ag from 126m

Regional Exploration Targets

Mariana Norte

Mariana Norte is located about 2 km southwest of the newly discovered San Marcos veins (see Figure 1). Mariana Norte was discovered in 2009 as a result of field mapping of the Eureka-Mariana areas and is characterized by classic banded quartz vein float surrounding an outcropping silica cap. A total of 77 samples have been collected over a northwest-trending area of 2 x 0.5 kilometres. These include 40 vein quartz float samples with encouraging epithermal textures which average 6.6 g/t gold and 41 g/t silver.

Bankable Feasibility Study

During the quarter, work on the Bankable Feasibility Study (BFS) continued in earnest with the additional mandate to include the Bajo Negro vein resource into the BFS. With the success of the continued extension and delineation drilling, Andean is confident that Bajo Negro will have a material impact on the BFS in terms of plant location, metallurgy, improved mine-life and financial returns. Accordingly, during the quarter, the Company modified the BFS in the following ways:

- Infill drilling at Bajo Negro was accelerated and was completed by the end of the quarter for inclusion in the resource estimate that will be prepared for late March.
- Representative Bajo Negro composites were selected and shipped off to Ammtec in Perth, Australia for the metallurgical test work planned in the first quarter of 2010.
- Condemnation and a geotechnical assessment of the new process and tailings site began in November
- Preliminary mine planning at Eureka West has been developed by NCL Engineering, of Santiago, Chile. Underground mining methods being investigated include blast hole transverse mining in the wider zones with small diameter long hole mining in the narrower zones. A raise bore hoisting shaft is also being studied as a potential operating cost savings due to the geometry of the orebody. A geotechnical assessment of the Eureka orebody generally concludes the rock is from low to moderate strength with varying levels of ground support required. Stope sizes are still being optimized based on mining method and location along the veins. It is expected based on hydro-geological studies completed by Hidroar that manageable levels of water will be encountered during ramp development and in mining.
- Paste backfill is no longer being considered for use in the mine due to the change in plant location and to the cost of paste backfill. Development waste from underground and open

pit will be used as backfill. Thickened tailings will be the preferred method of tailings storage and will reduce the footprint of the tailings storage facility and minimize overall water requirements.

- Two access roads are being investigated – the north access through the San Jose mine and a new northeast access.
- The engineering studies to extend the existing power line from the San Jose mine are in progress.
- All Environmental Baseline Studies have been completed and a request for a comprehensive Socioeconomic Study has been given to Vector Engineering of Mendoza. Vector will also be the lead consultant preparing the Environmental Impact Study which will be completed in parallel with the BFS.
- The final BFS document will be compiled by Ausenco in a manner similar to the PFS with contributing authors responsible for their individual sections. A complimentary 43-101 Technical Report on the BFS will be published within 45 days after the release of the BFS results.

The BFS is on schedule to be completed by the end of the second quarter 2010.

Eureka West underground ramp

Preparations are being completed for the signing of the underground contract and subsequent mobilization of the contractor to site in January. The camp has been expanded to accommodate about 100 people, purchase orders have been placed for the underground equipment and diesel generators, which will arrive on site early in the quarter. In order to reduce the ramp construction cost, Andean has decided to purchase the underground mine equipment and diesel generators, which the Company will use throughout the mine-life once the underground ramp has been constructed.

Cerro Negro Timeline

- **Drilling Campaign** – Bajo Negro infill drilling now complete and resource estimate underway. New exploration focus on the San Marcos, Mariana Norte and Mariana Sur targets. Tailings and plant locations condemnation drilling for the BFS ongoing.
- **Bankable Feasibility Study** – revision to include the Bajo Negro vein; and is now scheduled for completion during June 2010.
- **Underground Decline** – mobilization underway, portal construction to begin in February 2010.

Corporate

Appointments

During the quarter, the Company was pleased to announce the appointment of William “Butch” Wulfange as its Vice President, Exploration, to its management team, as new skills are required to advance the exploration program at the Cerro Negro property. During his 27 years of gold industry experience, Mr. Wulfange has made significant contributions to the exploration and discovery of several producing operations, including two world class deposits: the Paradise Peak gold mine in Nevada and the El Peñón mine in northern Chile. Most recently, Mr. Wulfange served as the Director of Technical Compliance for Yamana Gold and prior to that was the Manager of Business Development for Meridian Gold before its acquisition by Yamana Gold in 2007.

Mr. Wulfange, who graduated with a Bachelor of Arts degree in Geology from the University of Colorado in 1982, is a Fellow of the Society of Economic Geologists, a Registered Member of the Society of Mining Engineers and a Licensed Professional Geologist.

Board Changes

At the Company's Annual General Meeting on November 26, 2009, it was announced that three of the Company's directors were retiring from the Board. Both Mr. Morrice Cordiner and Mr. Warren Gilmour, who had served on the Board since its inception in December 2003, in addition to Mr. Patrick Esnouf, who had served on the Board since September 2005, retired from their positions.

A search is currently underway to strengthen and expand the Board of Directors to include individuals to oversee the Company's successful transition from an explorer to a mid-tier gold producer.

Share Capital

At quarter-end the Company's issued securities were as follows:

- 468.1 million ordinary shares
- 13.5 million unlisted options (at various strike prices between A\$0.30 and A\$1.70)

Quality Control and Assurance

The analytical results quoted in this release are derived from half drill core in the case of diamond drill holes, or from cuttings in the case of reverse circulation holes. Samples are prepared by ACME Analytical Laboratories SA (Mendoza) in Mendoza, Argentina, and assayed by the same laboratory in Santiago, Chile. Gold is determined initially by fire assay with AA finish. Samples assaying more than 10 ppm gold are re-assayed using a gravimetric finish. Silver is determined initially by AAS, and samples assaying more than 100 ppm silver are re-assayed by fire assay with gravimetric finish. Quality control of the analytical results is maintained by inserting standards, blanks, and duplicates into the sample run, approximately every twenty samples. Additional quality control is maintained by sending assay sample splits to a second laboratory from time to time. These checks are evaluated statistically at regular intervals. All analytical data are entered into a Microsoft Access database, with limited access and numerous checks to ensure integrity of the data.

Qualified Persons Statement

The information in this press release that relates to exploration results is based on information provided by William H. Wulfange, Vice President of Exploration for Andean Resources, who is a Licensed Professional Geologist (#5219574-2250) by the State of Utah and a Registered Member (#4037018) of the Society of Mining, Metallurgy and Exploration. Mr. Wulfange has extensive experience relevant to the style and type of mineralization and deposits under consideration, and to the activity undertaken, to qualify as a "Qualified Person" as defined in Canadian National Instrument 43-101, as well as a "Competent Person" as defined in the JORC Code. Mr. Wulfange has reviewed and verified that the information presented in this release conforms to NI 43-101 standards and industry Best Practices

Andean Resources Ltd. is a dual listed company (ASX/TSX:AND), actively and aggressively exploring for gold resources in Argentina. The company is well positioned to become a mid-tier gold producer over the next two years as it commences production from its 100% owned Cerro Negro project. This high-grade, world-class deposit is located in the mining-friendly province of Santa Cruz, in southern Argentina, and contains a growing resource base of over 2.5 million ounces of gold. In order to expand its resource base and add to the future production profile, Andean is committed to ongoing exploration and building its resource inventory at the Cerro Negro project and, in the process, generating enhanced returns for its shareholders as a platform for future growth.

Forward Looking Statement

This quarterly report contains certain “forward-looking statements”. All statements, other than statements of historical fact, that address activities, events or developments that Andean Resources Limited (“Andean” or the “Company”) believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend” and statements that an event or result “may”, “will”, “can”, “should”, “could”, or “might” occur or be achieved and other similar expressions. These forward-looking statements reflect the current internal projections, expectations or beliefs of Andean based on information currently available to Andean. Forward-looking statements are subject to a number of risks and uncertainties, including those detailed from time to time in filings made by Andean with securities regulatory authorities, that may cause the actual results of Andean to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on Andean. Andean expressly disclaims any obligation to update or revise any such forward-looking statements. Not for distribution to United States newswire services and not for dissemination in the United States. The securities discussed herein have not been and will not be registered under the United States Securities Act of 1933 (the “US Securities Act”), as amended, or the securities laws of any state and may not be offered or sold in the United States or to US persons (as defined in Regulation S of the US Securities Act) unless an exemption from registration is available.

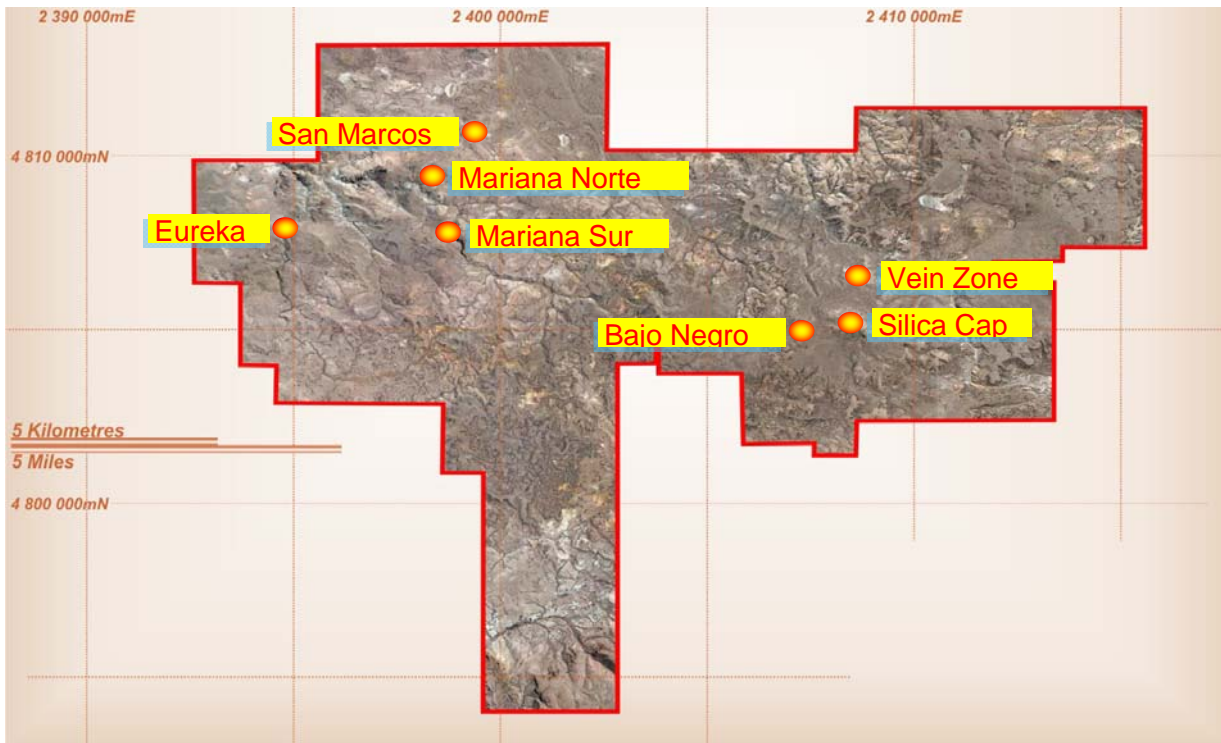
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Figure 1: Mariana Norte Location



1.13 Total operating and investing cash flows (brought forward)	(9,675)	(14,276)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.	8,267	103,358
1.15 Proceeds from the sale of forfeited shares		
1.16 Proceeds from loans		
1.17 Repayment of loans		
1.18 Dividends paid		
1.19 Other – Capital raising expenses	(247)	(4,752)
Net financing cash flows	8,020	98,606
Net increase (decrease) in cash held		
1.20 Cash at beginning of quarter/year to date	95,231	13,598
1.21 Exchange rate adjustments to item 1.20 (Reflects a non-cash translation loss on cash balances)	(6,332)	(10,684)
1.22 Cash at end of quarter	87,244	87,244

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current Qtr \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	317
1.24 Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Consultancy fees (205)
Directors fees & superannuation (112)

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	15,000
4.2 Development	
Total	15,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	17,869	4,241
5.2 Deposits at call	69,375	90,990
5.3 Bank Overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (Item 1.22)	87,244	95,231

Changes in interests in mining tenements

Tenement Reference	Nature of interest (note (2))	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2 Interests in mining tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number Issued	Number quoted	Issue price per security	Amount paid up per security
7.1 Preference securities (description)				
7.2 Issued during Quarter				
7.3 Ordinary securities	468,087,217	468,087,217		
7.4 Issued during Quarter	5,732,892	5,732,892		
7.5 Convertible debt securities (description)				
7.6 Issued during quarter				
7.7 Options (description)			Exercise Price	Expiry Date
	1,000,000		\$0.30	30/04/10
	1,000,000		\$0.35	31/10/10
	6,000,000		\$0.30	30/09/10
	150,000		\$0.40	14/03/11
	1,412,500		\$0.40	30/06/11
	2,640,000		\$0.70	14/07/11
	500,000		\$1.70	14/04/12
	250,000		\$1.60	02/06/12
	550,000		\$0.75	31/07/12
7.8 Issued during Quarter				
7.9 Exercised during Quarter	4,000,000		\$0.25	31/10/09
	360,000		\$0.70	14/07/11
	500,000		\$1.70	14/04/12
	450,000		\$0.75	31/07/12
7.10 Expired during Quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.



Sign here:

Ross Arancini
Company Secretary

Date: 29 January 2010

Notes

1. The quarterly report is to provide a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. Any entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of Interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
