



## ASX Announcement

21 December 2005

### ANDEAN RESOURCES LIMITED

A.C.N. 064 494 319  
1/1 Nairn Street  
Fremantle WA 6160  
t: 61 8 9430 9966  
f: 61 2 9430 9965

### Website

[www.andean.com.au](http://www.andean.com.au)

For further information on this release and Andean generally please contact:

### Warren Gilmour

Director  
Tel: 0402 116 261  
E-mail [warren@andean.com.au](mailto:warren@andean.com.au)

### Morrice Cordiner

Director  
Tel: 0412 270 761  
E-mail [morrice@bigpond.net.au](mailto:morrice@bigpond.net.au)

### Gavin Thomas

Director  
Tel: 0438 583 693  
E-mail  
[gavin@thomas.zip.com.au](mailto:gavin@thomas.zip.com.au)

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

# CERRO NEGRO CONTINUES TO SHINE FOR ANDEAN

## FIRST RESULTS FROM PHASE 2 DRILL PROGRAM RECEIVED

Results from new drill holes VDD - 517 (*comprising 96 m @2.1 g/t Au*) and VDD - 518 (*comprising 100 m @ 3.5g/t Au*) confirm Vein Zone mineralisation continuing at depth

## HIGHLIGHTS

- The Company is pleased to report the first batch of drill results from the Phase 2 drilling program at Andean's Cerro Negro gold project in southern Argentina.
- Results from recently completed Diamond drill hole VDD - 517, has defined a depth extension to the mineralisation present on Section 8700E, reported in the Company's Phase 1 program completed earlier this year.
  - VDD - 517 returned a broad zone of gold mineralisation comprising 96m @ 2.1g/t Au from 119m, (*including 28m at 2.4g/t Au & 51m at 2.5g/t Au*). This latest zone of mineralisation defines what appears to be a very broad and consistent area of mineralisation over an additional dip extent of some 60 m from previous drilling. This latest zone remains open at depth (currently defined to about 210 m).
- In addition, Diamond drill hole VDD-518, located 25m west of VDD - 517, intersected the same zone of mineralisation returning an impressive 100m @ 3.5 g/t Au (*including 11m @ 3.14g/t Au & 41m @ 7.1g/t Au*). This intercept confirms the high grade nature to the section 25m to the west and the large, lower grade section 25m to the east.
- These results are considered significant in that they demonstrate the mineralisation continues to depth and is consistent between sections.
- Diamond drill holes VDD-519 and VDD-520 have also been completed and have intersected quartz stockwork mineralisation over zones of approx. 50-60m in width. Assays are awaited.
- The planned 4000m Phase 2 drilling program is ongoing with approx. 1,200 m of diamond drilling completed. Progress to date has been slower than expected due to 2 rig breakdowns as a result of mechanical failures.
- A plan illustrating the locations of drill holes completed to date is attached as figure 1 and cross sections incorporating the results for VDD 517 & 518 are shown in Figures 2 & 3.
- In a separate development, a Gradient Array Resistivity Geophysical Survey has identified an anomaly accurately representing the known Vein Zone mineralisation. Two separate resistivity anomalies have been located nearby, the first 1km to the north and the second 0.5km to the east. These warrant priority follow-up as part of the current exploration campaign.

*Continued.....*

## CERRO NEGRO GOLD PROJECT (*Andean 100%*)

### Release of initial Results from Phase 2 Drilling at Vein Zone prospect

Andean Resources Limited ("Andean") is pleased to release details of the recently completed diamond drill holes from the Company's Phase 2 Drilling program situated around the Vein Zone prospect at Cerro Negro in southern Argentina. The results for VDD 517 and VDD 518, which are the 2 holes where assays are currently to hand, **are considered significant in that they extend the high grade, broad zone of mineralisation identified by the Company's Phase 1 drill program earlier in the year.**

Hole VDD-516, which was drilled below VDD-510, (*which returned 36.45m at 14.46 g/t Au*) was abandoned as it collapsed just as it entered the quartz vein zone. The significance of VDD - 516 is that it looks to have extended the quartz structure some 75m down dip from the last known intercept and some 225m below the surface. **This hole will be re drilled in January 2006 as part of the current program.**

VDD-517 and VDD-518 were drilled to the east of VDD-516 to test downdip extensions to the large gold mineralised zone previously identified on sections 8700E and 8675E respectively.

### Assay Results from VDD-517 & VDD-518

Assay results from holes VDD-517 and VDD-518 have been received and are summarised in the table below. They are down-hole intersections, not necessarily true widths, at a lower cut-off of 1 g/t and no cutting of high grades, however the intervals quoted include short sections of internal waste below 1 g/t gold. Hole coordinates have been determined by using differential global positioning system by a licensed surveyor, and are considered accurate.

### Summary of Diamond Drill Holes VDD-517 and VDD- 518

Hole Number	From (m)	To (m)	Interval (m)	Gold Value (g/t)	Elevation (m asl)	Eastings	Northing	Azimuth	Inclination	Total Depth (m)
VDD-517	119	213	96	2.08	782.5	8700	6600	180	-75	333.2
<i>including</i>	119	146	28	2.35						
	160	213	51	2.5						
VDD-518	111	211	100	3.46	782.5	8675	6600	180	-70	297.2
<i>including</i>	111	122	11	3.14						
	128	169	41	7.13*						
	153	157	4	17.99						

\* Highest average section and only one sample above 30g/t gold.

### Comments

- Hole VDD-517 was drilled approx 60m down dip from previous, Phase 1 drill holes, VDD 506 and 507 (see Figure 1).
- Hole VDD-517 intersected a mineralised zone of 96m at 2.08g/t gold approximately 60 metres down-dip from holes VDD - 506/507 and confirms the continuity of a similar, broad zone of mineralisation, at a consistent, average grade of 2.08 g/t gold.
- Hole VDD-518 is located approx 25m east from VDD-517 and was designed to test the continuity of the mineralisation present in VDD-517 and VDD-510. Results indicated that both the high grade 'feeder zone' present in VDD-510 is represented by the 41m at 7.13g/t gold and the broader mineralised zone of VDD-517 is represented by the broader 100m at 3.45g/t gold.
- The geology and the geometry of the mineralised zone suggests this is the same "feeder zone" to the epithermal mineralising system previously intersected on section 8700E.
- Results for VDD-517 & 518 demonstrate that the mineralised zone is still present at a vertical depth of some 225 metres below the surface, and is still open in depth. The main gold mineralised sections contains quartz veins, quartz breccias and quartz stockwork with associated pyrite and little or no base metal mineralisation indicating that the bottom of the gold mineralisation has not yet been reached.

The attached Figures 2 & 3 are preliminary geological interpretations of section 8675m & 8700E based on today's results and the results reported previously by the Company.

## Drill Holes VDD – 519 & VDD-520

At this stage, a further 2 Diamond drill holes have been completed in the Phase 2 program, namely Diamond holes VDD-519 and VDD-520.

These holes have been drilled to further test the down dip extent of the known quartz vein mineralisation intersected in previous drilling. Quartz veining or quartz alteration was intersected in both holes from approx. 120m to 180m and 135m to 186m respectively. **Assays are anticipated in early January 2006.**

## Ongoing Drill Program

The planned 4,000m Phase 2 drilling program is ongoing with approx. 1,200 m of diamond drilling completed. Progress to date has been slower than expected due to 2 rig breakdowns as a result of mechanical failures.

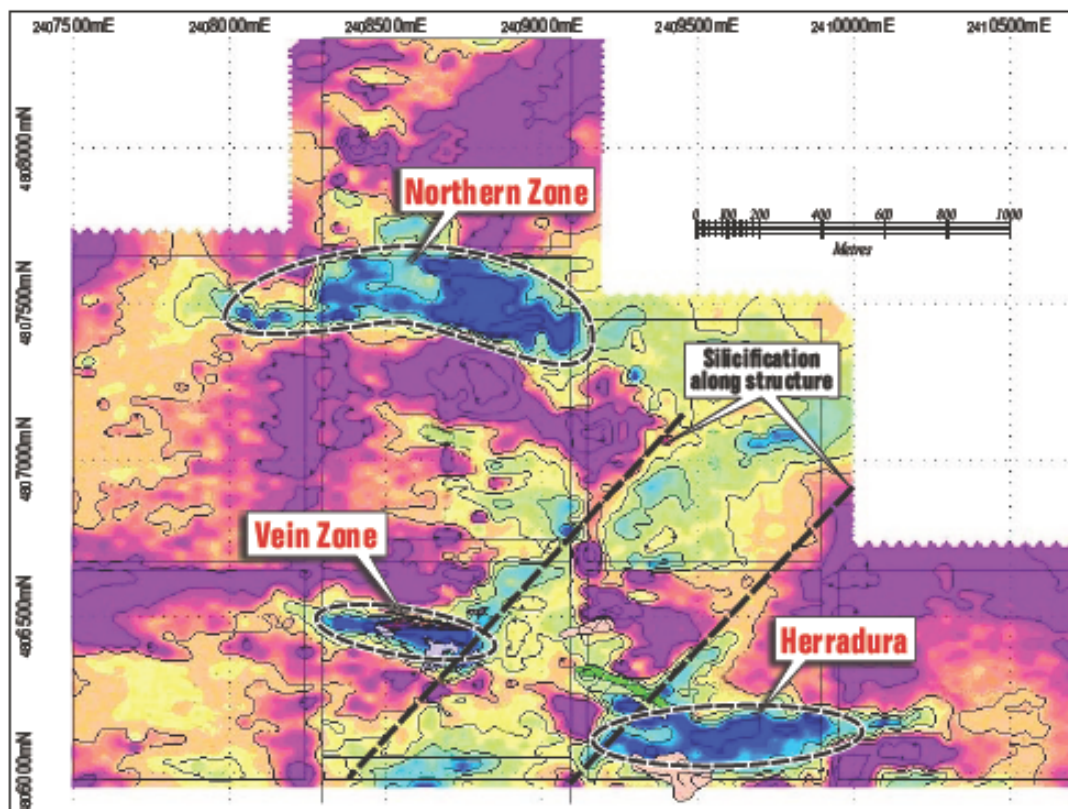
The field camp at Cerro Negro will close during the Xmas break with a full resumption of activities scheduled for early January 2006.

## Gradient Array Resistivity Geophysical Program

The geophysical method, Gradient Array Resistivity, is especially useful at identifying areas of quartz. An initial program has been completed over an area of some 4 to 5 sq. kms that surrounds the Vein Zone (see Figure below).

The geophysical anomaly that covers the Vein Zone is dramatic and highlights the known Vein Zone mineralisation area and indicates an extension of up to 200m to the west.

Of particular interest from the geophysical program are two new anomalous areas, both about 1km long, that show strong resistive responses. The first is 1km to the north of the Vein Zone and the second is some 600m to the east on the southern flank of the Herradura area. The areas are currently being geochemically sampled ahead of further evaluation and potential drill testing.



For further information please contact:

Morrice Cordiner  
Director  
Tel: 02 9222 9444  
Mobile: 0412 270 761

Gavin Thomas  
Director  
Tel: 0438 583 693

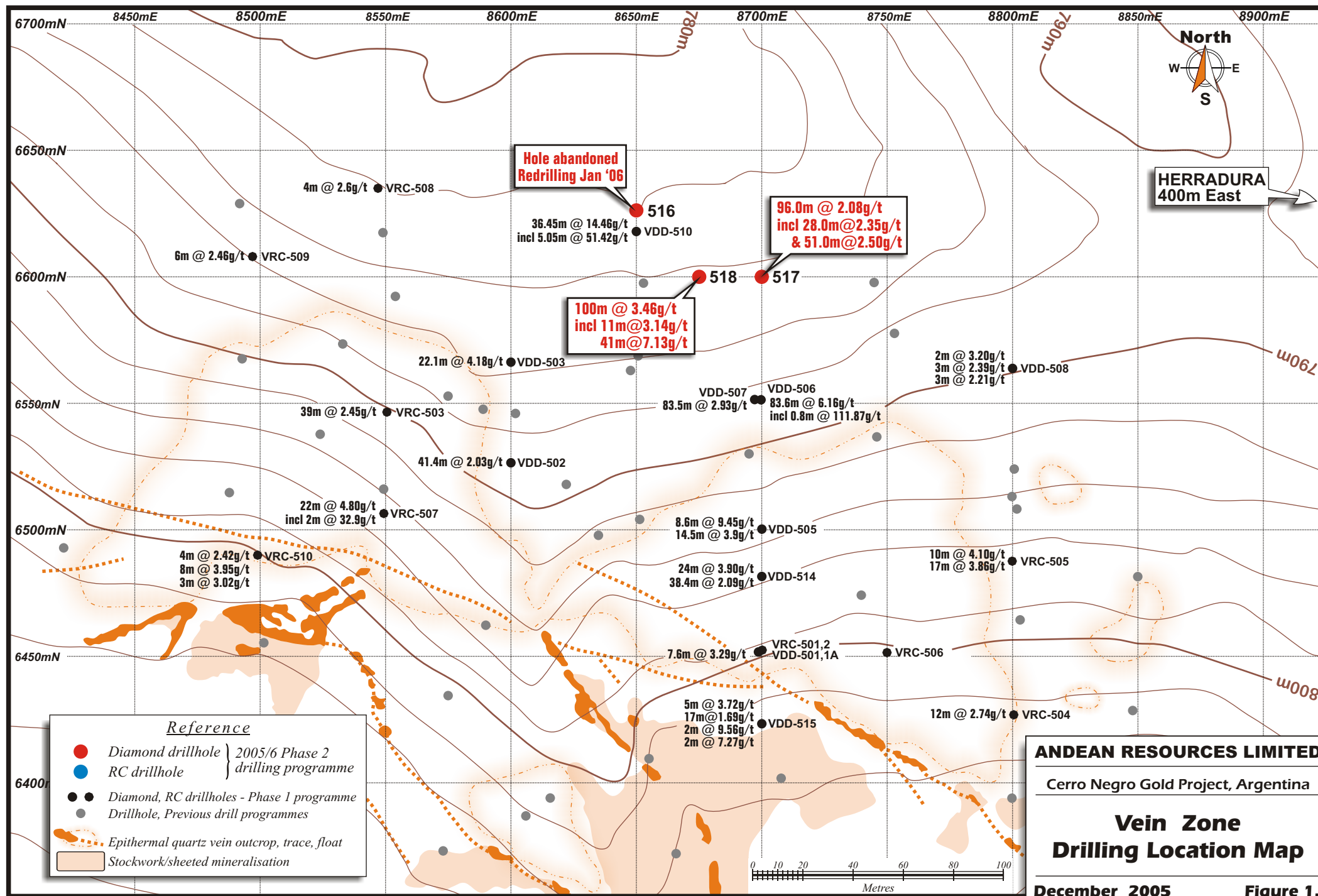
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**Note:**

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.

Mr 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 1999 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.



**ANDEAN RESOURCES LIMITED**

Cerro Negro Gold Project, Argentina

## Vein Zone Drilling Location Map

December 2005

Figure 1.

