



ASX Announcement

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

MORE DRILLING SUCCESS AT CERRO NEGRO

LATEST RESULTS RECEIVED FROM PHASE 2 DRILL PROGRAM

Results from new drill holes VDD – 621 (*comprising 92m @ 4.14 g/t Au*) and VDD - 622 (*comprising 12m @ 3.5 g/t Au*) continue to add ounces at Vein Zone deposit

HIGHLIGHTS

- The Company's Phase 2 drill program at its 100% owned Cerro Negro gold project in southern Argentina continues to deliver exceptional results.
- Diamond hole VDD – 621 has returned a very broad zone of high-grade gold mineralisation comprising **92m @ 4.14 g/t Au** from 62 m, (*including 44m @ 7.36g/t Au from 76m*). VDD-621 supports previously-reported high grade mineralisation from Phase 1 drilling intersected in holes VDD-507 & 506 (*83.5m @ 2.93 g/t Au and 83.6m @ 6.16 g/t Au respectively*) which were located 25m to the east. The intercept confirms that high grade mineralisation continues along strike from previously known zones.
- Diamond drill hole VDD-622, drilled ~75m to the north-west of VDD 621 and on section 8650E, intercepted a narrower but still respectable zone of **12m @ 3.5 g/t Au** from 209m. The intersection in VDD-622 is approximately 60m down dip from the high-grade zone of 36.4m @ 14.45 g/t Au contained Phase 1 drill hole VDD-510.
- These latest results continue to expand the high-quality, near surface gold resource being defined at the Vein Zone prospect as illustrated by previously reported Phase 2 drill holes (*see ASX releases of 21 Dec 05 & 24 Jan 06*) which included:
 - **96m @ 2.1 g/t Au** (*including 28m @ 2.4 g/t & 51m @ 2.5 g/t*) in DD – 517
 - **100m @ 3.5 g/t Au** (*including 41m @ 7.1 g/t*) in VDD – 518
 - **17m @ 11.9 g/t Au** (*including 4m @ 33.8 g/t*) in VDD – 520; and
 - **36m @ 1.8 g/t Au** in VDD – 519.
- The planned 4000m Phase 2 drilling program is ongoing with approx. 2700m of diamond drilling now completed. The continued success of the Phase 2 drilling program supports the Company's belief that Vein Zone has the potential to host a significant gold resource accessible by open-pit mining.
- Preparations for carrying out a scoping study are advancing with the appointment of various consultants.
- A plan illustrating the locations of Andean's drill holes completed to date is attached as figure 1. Recent Phase 2 results are highlighted in Red.

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CERRO NEGRO GOLD PROJECT (*Andean 100%*)

Release of further Results from Phase 2 Drilling at Vein Zone prospect

Andean Resources Limited ("Andean") is pleased to release the latest results from 2 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 621 and VDD 622 are considered significant in that they extend the broad zone of mineralisation identified by the Company's Phase 1 drill program during 2005.

- VDD - 621 was designed to test for continuity of mineralisation encountered by Phase 1 drill holes VDD-507 & 506 (*83.5m @ 2.93 g/t Au and 83.6m @ 6.16 g/t Au respectively*) located 25m to the east.
- VDD - 622 was designed to test for further, (and potentially high – grade) mineralisation, down dip of VDD-510 completed as part of the Phase 1 drilling in 2005. (see Figure 1 attached).

Assay Results from VDD–621 & VDD–622

Assay results from holes VDD–621 and VDD–622 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 0.7 g/t and no cutting of high grades, however some of the intervals quoted include short sections of internal waste below 0.7 g/t gold. Hole coordinates are subject to final determination by differential global positioning system by a licensed surveyor, but are considered accurate to within 1-2m.

Summary of Diamond Drill Holes VDD-621 and VDD- 622

Hole Number	From (m)	To (m)	Interval (m)	Gold Value (g/t)	Elevation (m asl)	Eastings	Northing	Azimuth	Inclination	Total Depth (m)
VDD-621	76	120	44	7.36	789.16	8675	6550	180	-60	272.6
<i>including</i>	80	84	4	8.46						
	86	108	22	11.85						
	121	154	34	1.41						
	135	154	19	2.07						
<i>Average incl internal waste</i>	62	154	92	4.14						
	62	272	210	2.02						
VDD-622	209	227	18	2.83	781.12	8650	6625	180	-80	285.7
<i>Including</i>	209	221	12	3.45						

Comments

- Holes VDD–621 was drilled 25m west along strike from the previously released Phase 1 drill holes, VDD 506 and 507 (see Figure 1).
- Hole VDD–621 intersected a broad, semi-continuous mineralised zone of 92m where predicted showing excellent continuity with the high grade mineralisation defined in drill holes VDD-507 & 506 (*83.5m @ 2.93 g/t Au and 83.6m @ 6.16 g/t Au respectively*) which were located 25m to the east.
- VDD-621 was drilled below previous MIM hole CNRC-46 and above VDD-518 (results announced previously). It shows that the high grade mineralisation in VDD-518 extends up-dip for at least 75m.
- Hole VDD–622 was drilled ~75m to the north-west of VDD-621 and targeted the higher-grade "feeder zone" believed to be the source of the outcropping mineralisation at Vein Zone. This zone was narrower than the zone ~70m above it in VDD – 510.

Ongoing drill program - Drill Holes VDD-623,624,625 & 626

At this stage, drilling is continuing on the next series of holes planned as part of the Phase 2 program. These comprise VDD-623, 624,625 & 626 (see Figure 1 attached). The phase 2 program is currently two-thirds completed with a total of ~2700m drilled out of a planned 4000m.

Preparations for a Scoping Study & Compilation of Maiden Resource Statement

Three dimensional modelling of the drilling data (incorporating an initial resource estimation) has commenced and will be finalised when the results of the current Phase 2 drilling program are completed (scheduled for April 2006). Respected Sydney-based industry consultants, Hellman & Schofield have been engaged to carry out the Resource Estimation.

Arrangements are also in place to undertake an initial scoping study on possible mining options at Vein Zone based around open pit mining. Contracts have been let in regard to environmental base line studies, water and hydrological investigations. Metallurgical and engineering studies are awaiting further drill data prior to commencing work.

Initial metallurgical testing work carried out by MIM Limited in November 1998 gave indicative recoveries of ~ 98.6% from conventional CIP leach processing.

The study is scheduled to run in tandem with the conclusion of the Phase 2 drill program and is expected to take 2 – 3 months to complete.

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Note:

The information in this Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled 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 "Australasian 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.

