

## **ANDEAN RESOURCES ANNOUNCES POSITIVE FEASIBILITY STUDY RESULTS FOR ITS CERRO NEGRO GOLD PROJECT**

*(All dollars in US currency except where noted)*

**July 6, 2010, Salt Lake City, UT** -- Andean Resources (**ASX/TSX: AND**) is pleased to announce the positive Feasibility Study ("FS") results of its 100% owned Cerro Negro high-grade gold and silver project in Santa Cruz, Argentina. The FS was completed based on the previously released gold and silver mineral resource estimates at the Eureka West and Bajo Negro deposits, along with the new resource for the Vein Zone deposit. The FS was compiled by Ausenco Ltd., with the participation and contribution from industry consultants.

The study defines an operation based on sequential mining of the three deposits by underground and open pit mining, along with milling and refining of the ore on site. The mine will operate at a production rate of 1,850 tonnes per day, producing an average of 200,000 ounces ("oz") of gold over a 10 year mine life, at an average cash cost of about \$168/oz (based on silver by-product credits of \$14/oz).

### Highlights of the Feasibility Study include:

- For the first five years, Cerro Negro would produce up to a rate of 285,000 oz of gold per year at an average cash cost of \$60/oz (inclusive of silver by-product credits), making Cerro Negro one of the lowest-cost undeveloped gold projects in the world
- A significant internal rate of return using \$850/oz gold ("Au") and \$14/oz silver ("Ag") on an initial capital investment of \$275 million
- Probable reserves of 2.1 million oz of gold and 20.6 million oz of silver based on mining the indicated resources only at Eureka West, Bajo Negro and Vein Zone
- Inferred resources at Eureka West, Bajo Negro and Vein Zone have been excluded from the FS. In addition, the newly discovered veins at San Marcos, Mariana Norte and Mariana Central have also been excluded. The mineralization excluded from the FS will be included in subsequent plans.
- Mine life of 10 years with direct employment of 533 employees
- A sustainable development fund to invest 1% of after-tax profits into the local communities
- Overall metallurgical recoveries have improved to 95% for gold and 86% of silver
- International Cyanide Management Code compliant design

- Significant upside remains:
  - Converting the significant inferred gold resources to indicated status with infill and step-out drilling, thereby allowing these resources to be included in a future mine plan
  - Further defining the size and potential of the latest discoveries at the San Marcos, Mariana Norte and Mariana Central deposits with the intent to incorporate these into future mine plans
  - The Eureka West deposit remains open to the west and at depth, with exploration to resume once the current underground development is sufficiently advanced
  - The Bajo Negro deposit remains open along strike and at depth, with exploration to recommence later this year
  - Further exploration potential at other Cerro Negro deposits

Wayne Hubert, Andean’s President and CEO, stated: “Cerro Negro is a project that benefits all stakeholders: shareholders with an excellent rate of return, governments with significant tax receipts, meaningful employment in the province, sustainable development in the local communities, and an environmentally responsible project that conforms to global best practices.

This feasibility study represents a solid foundation upon which we will build and expand Andean. The new discoveries at San Marcos, Mariana Norte, and Mariana Central will very likely enhance and expand our production and reserves at Cerro Negro. I want to thank our Andean team whose efforts have improved the project since the release of the original Pre-feasibility Study in October 2008, with a further reduction in cash costs and an improved social benefit in Argentina.”

## **CERRO NEGRO FEASIBILITY STUDY**

### **Contributors**

The FS is based on technical information generated by a number of independent consulting firms, with specific technical expertise and Andean personnel. Table 1 lists the responsible contributors to the various parts of the FS:

**Table 1 FS Contributors**

<i>Component</i>	<i>Responsibility</i>
Geology	Andean
Geologic Interpretation and Resource Estimate	MDA
Mine planning and reserve statement	NCL
Geotechnical	Golder Associates
Hydrology	Hidroar
Metallurgy and Process Plant Design	Ausenco
Tailings Storage	Golder Associates

Infrastructure	Andean and Ausenco
Power supply	Technolatina
Environmental Baseline and Compliance	Vector
Legal and Regulatory	Andean
Financial modeling	Andean and Ernst and Young

### Mineral Resources

The FS is based on the mineral resource estimates developed by Mine Development Associates Inc. ("MDA") of Reno, Nevada:

- Eureka estimate released in June 2009
- Bajo Negro estimate released in March 2010
- Vein Zone revised estimate released in this news release

The MDA resource estimates are summarized in Table 2 below:

**Table 2 MDA Resource Estimate Summary**

	INDICATED						
	Cutoff AuEq (g/t)	Tonnes	AuEq g/t	Au g/t	Ag g/t	Au Ounces	Ag Ounces
Eureka	3.0	3,608,000	15.24	12.25	179	1,421,000	20,804,000
Bajo Negro	3.0	1,872,000	9.14	8.74	24	526,000	1,443,000
Vein Zone	0.5	8,361,000	2.29	2.21	4.9	593,300	1,315,400
<b>Total</b>	<b>variable</b>	<b>13,841,000</b>	<b>6.59</b>	<b>5.71</b>	<b>52.9</b>	<b>2,540,300</b>	<b>23,562,400</b>

	INFERRED						
	Cutoff AuEq (g/t)	Tonnes	AuEq g/t	Au g/t	Ag g/t	Au Ounces	Ag Ounces
Eureka	3.0	962,000	8.91	7.59	79	235,000	2,444,000
Bajo Negro	3.0	935,000	6.33	6.07	15.7	183,000	471,000
Vein Zone	0.5	3,124,000	1.08	1.05	2	105,200	200,700
<b>Total</b>	<b>variable</b>	<b>5,021,000</b>	<b>3.56</b>	<b>3.24</b>	<b>19.3</b>	<b>523,200</b>	<b>3,115,700</b>

For the purposes of this FS, only indicated resources were considered for incorporation into the mine plans.

## Mining

Mining at Cerro Negro will principally be from underground mines based on the geometry of the near-vertical veins, which remain open to depth. NCL Engineering ("NCL") from Santiago, Chile, developed a mine plan to exploit the Eureka West deposit at a nominal underground rate of 1,850 tonnes-per-day ("tpd") primarily using transverse blasthole mining methods for the first years followed by longitudinal mining in the narrower zones later in the mine life. The average width of the main vein at the Eureka West deposit is 9.5 meters and level spacing is planned at 30 meters between levels. The underground exploration decline development is currently underway, and will be integrated with the project development. Total initial capital investment for the Eureka West mine is estimated at \$56.4 million, including 12,000m of horizontal development.

Following the start-up of the Eureka West mine, ongoing capital expenditures at the Eureka West mine are expected to be \$36 million, including \$10 million for mining equipment and \$26 million for additional mine development. Excluding capital costs, the mining operating costs are estimated to be \$37 per tonne of ore mined. The rock conditions are assumed to be moderate at Eureka West and provision for dilution of 60cm in both the hanging wall and footwall is included in the mining reserve calculations. Cemented rockfill in the primary stopes and non-cemented rockfill in the secondary stopes will contribute to overall stability of the mine. More than 90% of the indicated gold resource will be recovered in the mine plan because of the continuous high-grade nature of the deposit.

Following the five year mine life based on probable reserves at Eureka West, the Bajo Negro and Vein Zone deposits are planned to be mined simultaneously. The process plant throughput will increase to 2,450 tpd, mainly because of the possibility of processing at an optimal coarser grind for the ore coming from the two deposits. However, based on the latest exploration drilling results from the San Marcos and Mariana deposits, Andean believes that these new higher-grade and higher-margin deposits will likely displace and defer the development of the Vein Zone deposit.

The Bajo Negro deposit has an average width of 4.0 meters with excellent rock conditions. Over the four year mine life, the underground blasthole mining method will be utilized in order to extract over 1,200 tpd; both cemented and non-cemented rockfill will be used to assure the stability of the mine. Ongoing capital expenditures of \$31 million are planned to develop the Bajo Negro mine, which includes a provision of about \$6 million to refurbish the underground mining equipment used at Eureka West. Provision for dilution includes 60cm in both the hanging wall and the footwall. Mine operating costs, excluding capital development, are estimated to be \$41 per tonne. About 86% of the resource in Table 1 has been included in the mine plan; because of limited drilling in some areas of the resource, delineation drilling will be required to support the incremental mine development.

The Vein Zone deposit will be mined by open-pit with a mine life of six years, averaging 1,200 tpd with a strip ratio of 12:1. Ongoing capital expenditures of \$16 million were assumed at Vein Zone, primarily reflecting the purchase of the open pit mining equipment for \$13.5 million. Open pit mining costs are estimated at \$2.55 per tonne moved. Only 55% of the resource in Table 2 has been incorporated into the mine plan reflecting the differences in the cut-off grade of the resource (0.5 g/t AuEq) and the reserves (1.5 g/t AuEq), conservative 45° pit slopes, and an \$850/oz gold pit assumption. Recent geotechnical work from Golder Associates is recommending a steeper pit slope angle which would improve the recovery of the resource by at least another 15%. In addition, other factors may improve the recovery of this resource including using in pit cut-offs at spot prices (today \$1,200/oz Au) and exploration beneath the bottom of the planned pit. However, as

previously mentioned, this mining sequence will likely be deferred with the higher grade deposits (Marianas and San Marcos) becoming available.

The Cerro Negro mine plan is presented in Table 3 below:

**Table 3 Cerro Negro Mine-Plan**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
<b>Eureka (Mine + Stockpile) to Plant</b>												
Ore Tonnes (000)	-	466	675	675	675	435	-	-	-	-	-	2,927
Au g/t	-	12.0	13.6	13.2	13.9	15.8	-	-	-	-	-	13.6
Ag g/t	-	202	173	192	183	266	-	-	-	-	-	198
Contained gold Koz	-	179	296	286	302	221	-	-	-	-	-	1,284
Contained silver Koz	-	3,020	3,753	4,175	3,964	3,719	-	-	-	-	-	18,632
tpd	-	1,276	1,850	1,850	1,850	1,192	-	-	-	-	-	
<b>Bajo Negro</b>												
Ore Tonnes (000)	-	-	-	-	-	159	447	447	447	334	-	1,835
Au g/t	-	-	-	-	-	8.8	8.4	7.8	7.2	7.0	-	7.7
Ag g/t	-	-	-	-	-	24	22	23	20	17	-	21
Contained gold Koz	-	-	-	-	-	45	120	113	104	75	-	457
Contained silver Koz	-	-	-	-	-	125	323	334	285	181	-	1,249
tpd	-	-	-	-	-	435	1,225	1,226	1,226	914	-	
<b>Vein Zone</b>												
Ore Tonnes (000)	-	-	-	-	-	160	447	447	447	562	313	2,376
Au g/t	-	-	-	-	-	3.1	3.9	4.4	3.5	4.3	6.7	4.3
Ag g/t	-	-	-	-	-	5	7	9	7	9	17	9
Contained gold Koz	-	-	-	-	-	16	56	63	51	78	68	331
Contained silver Koz	-	-	-	-	-	27	103	134	105	160	173	703
tpd	-	-	-	-	-	438	1,225	1,225	1,225	1,539	857	
<b>Total production to plant</b>												
Ore Tonnes (000)	-	466	675	675	675	754	895	895	895	895	313	7,137
Au g/t	-	12.4	14.1	13.6	14.4	12.0	6.3	6.3	5.5	5.5	6.9	9.0
Ag g/t	-	209	179	199	189	165	15	17	14	12	18	90
Contained gold Koz	-	179	296	286	302	282	176	176	154	154	68	2,072
Contained silver Koz	-	3,020	3,753	4,175	3,964	3,871	427	468	390	341	173	20,583
tpd	-	1,276	1,850	1,850	1,850	2,065	2,451	2,451	2,451	2,453	857	

### Probable Reserves

Based on MDA's latest resource estimates shown in Table 2, the geotechnical information provided by Golder Associates, and the NCL mine-plans based on \$850/oz gold and \$14/oz silver cut-offs, the probable reserves at Cerro Negro are shown in Table 4 below:

**Table 4 Cerro Negro Probable Reserves**

	Ore Tonnes (M tonnes)	Au grade (g/tonne)	Ag grade (g/tonne)	Contained Ounces	
				Au (Oz)	Ag (M Oz)
Eureka	2.93	13.6	198	1,284,000	18.6
Bajo Negro	1.83	7.7	21	457,000	1.2
Vein Zone	2.38	4.3	9	331,000	0.7
<b>Total Cerro Negro</b>	<b>7.14</b>	<b>9.0</b>	<b>90</b>	<b>2,072,000</b>	<b>20.6</b>

Notes:

1. *Mineral resources which are not mineral reserves do not have the demonstrated economic viability. The estimate of mineral resources and mineral reserves may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues*
2. *Eureka West mineral reserves based on a 3.90 g/t gold equivalent cut-off and 15% mining dilution*
3. *Bajo Negro mineral reserves based on a 3.73 g/t gold equivalent cut-off and 30% mining dilution*
4. *Vein Zone mineral reserves were based on a 1.53 g/t gold equivalent cut-off with the mineral resource being diluted by the size of the blocks*

## Processing and Metallurgy

The 1,850 tpd processing facility will be located north west of the Vein Zone deposit in a location called El Retiro. An upgrade of the recently constructed pioneering road will allow a later upgrade of the 16 km haulage road between the Eureka portal and the crusher stockpile at El Retiro. The processing plant has been located in the Deseado watershed, about 30km south of the Deseado River. The facility is protected from the predominantly westerly Patagonian winds by a large hill and some major parts of the processing facilities will be enclosed in order to provide protection from the cold Patagonian winters and facilitate ongoing maintenance.

The processing plant has been designed by Ausenco in compliance with the International Cyanide Management Code and is estimated to cost approximately \$82 million excluding contingency. The process plant flow sheet includes:

- Primary jaw crushing
- Comminution circuit, using a SAG mill and ball mill in closed circuit with hydrocyclones
- Pre-leach thickening
- 60 hour cyanide leach
- 3 Stage CCD circuit
- Merrill Crowe circuit and zinc precipitation to recover gold and silver from solution
- Pressure filtering to recover precious metal in solution and to capture and recover cyanide solutions to minimize usage of chemicals
- Re-pulping of filtered tails and pumping to the tailings storage facility
- Smelting of zinc precipitate to produce gold and silver doré bars

Golder Associates developed the plans and costs for tailings disposal. The re-pulped tailings are pumped to an HDPE lined tailings storage facility. Surface water will be recovered and pumped back to be used in the processing facility in order to minimize water consumption. Golder has estimated the total capacity of the tailings basin is up to 10 million tonnes. The initial capital cost of this storage facility is about \$11 million with capacity of 3.7 million tonnes. An expansion of this storage facility is planned for 2016 to store the remaining tailings, which will increase the storage capacity to a total of 7 million tonnes.

The metallurgical testwork, overseen by Ausenco, and completed by AMMTEC of Perth, Australia, determined the ores to be free-milling, the gold being fine grained and also contained in electrum. The silver is also contained in the electrum and in the dark 'ginguro' banding (with sulphides). In

order to liberate the precious metals and optimize metal recoveries, especially silver recovery, a finer grind of 63 microns is required at Eureka West. Since Vein Zone and Bajo Negro are probably genetically related, being only 2 km apart and with similar gold to silver ratios, the optimal grind size for these deposits were similar at 110 microns, resulting in similar precious metal recoveries and cyanide consumption (approx 0.6 kg/tonne). The results are shown in Table 5 below:

**Table 5 Average Precious Metals Recoveries**

	Recovery		<u>grind size</u> (micron)
	<u>Au</u> (%)	<u>Ag</u> (%)	
Eureka	95%	86%	63
Bajo Negro	95%	87%	110
Vein Zone	95%	86%	110
Overall	95%	86%	

Fresh water makeup is estimated to be about 12.5 liters per second, which is being developed from water wells in the Vein Zone area. The processing operating costs attributable to running Eureka West ores at 1,850 tpd have been estimated at \$32 per tonne. Vein Zone and Bajo Negro processing costs will benefit from a coarser grind, which will improve throughput to about 900,000 tonnes per year (almost 2,500 tpd) resulting in lower processing costs to an estimated \$26 per tonne of ore processed.

### Infrastructure

The Cerro Negro project is located approximately 75km by road south-east of the city of Perito Moreno at an elevation of approximately 600 meters above sea level. Road access to the site will be from a new 45km access road that will connect to Provincial Road 39. Power will be provided to the site via a 58km long dedicated 132 kV transmission line to the El Retiro substation located adjacent to the processing facility, which will be connected to the main power grid at a new substation near the intersections of Provincial Highways 39 and 43. Power will be purchased from the utility companies and power costs are estimated at \$0.08 per kilowatt hour based on recent surveys. A 13.2 kV transmission line will feed the Eureka area from the El Retiro substation.

The mine infrastructure will include roads connecting the processing plant to the three orebodies, the El Retiro Administration Building, the El Retiro Camp and the El Retiro Workshop. The Eureka area will use the current camp for the underground mining operations, with a truckshop and change house to be added to the existing infrastructure.

### Capital Costs

Initial capital costs for the Feasibility Study are estimated to be \$244 million prior to a \$31 million contingency shown in Table 6 below:

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**Table 6 Initial Capital Estimate**

<u>US\$ Million</u>	
Mining	56.4
Processing	81.9
Tailings Storage	10.9
On Site Infrastructure	23.2
Power Line	17.4
Access Road	7.2
Off Site Infrastructure (Housing)	1.5
Eureka Camp	0.5
Owners Costs	13.0
Other Indirects	14.1
EPCM	18.3
Contingency	30.5
<b>Total</b>	<b>274.9</b>

Total estimated capital costs, including both initial capital and ongoing capital costs, are shown in Table 7 below:

**Table 7 Total Capital Costs**

<u>Millions of US Dollars</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>&gt;2017</u>	<u>Total</u>
Initial Capital	22.6	185.7	66.6	-	-	-	-	-	-	274.9
Mine Ongoing Capital										
- Eureka	-	-	22.3	9.7	2.5	2.0	0.1	-	-	36.6
- Bajo Negro	-	-	-	-	6.5	10.2	8.0	2.2	4.5	31.4
- Vein Zone	-	-	-	-	-	7.6	4.6	3.8	-	16.1
Subtotal Ongoing Capital	-	-	22.3	9.7	9.0	19.8	12.7	6.0	4.5	84.0
Other Ongoing Capex	-	-	3.0	1.5	1.3	13.7	4.2	0.3	0.8	24.8
Total Capital	22.6	185.7	91.9	11.2	10.3	33.5	16.9	6.3	5.3	383.7

In addition, Andean assumes about \$20 million of working capital will be required in the start-up and early years of the mine.

The capital costs assume the following schedule:

- Seamless transition from the FS into Engineering starting in July 2010
- A traditional Engineering, Procurement, Construction Management (EPCM) contract
- Environmental permitting approval

## General and Administrative

Total employment in Argentina for a typical year is estimated in Table 8 below:

**Table 8 Project Personnel**

	Number
Mine	377
Process plant	92
On-site G&A	49
Offsite offices	<u>15</u>
Total Personnel	533

General and Administrative costs are estimated to be about \$10 million per year, which includes the offsite offices in the local town of Perito Moreno and in Buenos Aires, the camp costs, and salaries estimated based on recent surveys within the province. The FS was prepared on the basis that the underground workforce will be working 10 hour shifts (maximum 7 hours 50 minutes, in underground work) and rotating on a schedule 10 days in and 10 days out. The rest of the operations will primarily be 12 hour shifts with the same rotation as the underground workforce. Some of the senior positions and administrative functions will be on a normal weekly schedule and would reside in Perito Moreno.

## Environmental and Social Responsibility

Underground mines at Eureka West and Bajo Negro will be developed first, which will minimize the mining footprint in the area. The processing facility and tailings storage facility have been designed to conform to existing global best practices and are compliant with the International Cyanide Management Code.

In order to encourage sustainable development, Andean is planning to hire and train as much local talent as possible, with a complement of experienced miners. Andean is encouraging and supporting the development of local businesses in Perito Moreno. Education is important to sustainable development, and the Company is currently providing several university scholarships and accommodation facilities to students from Perito Moreno in the town of Comodoro Rivadavia. Andean is committed to funding a sustainable development trust fund with 1% of its after-tax operating profits from the mine, which will target development of local education and infrastructure, thus allowing the local communities to be positively impacted by mining in their daily lives.

A wind monitoring tower is currently gathering data on wind speed and availability to determine if wind power is a viable alternative to provide supplementary power. The initial results have been very encouraging due to the constant wind stream coming from the west. While the connection to the grid is currently planned, wind power may enhance future low-cost clean power for Cerro Negro and to the grid, once the mine is completed.

## Project Economics

Several major assumptions were made in developing the project economics for this FS on Cerro Negro including:

- No financial leverage, 100% equity basis
- The analysis is in constant January 2010 US dollars (USD)
- Constant exchange rate of 3.85 Argentinean pesos per USD
- Constant metal prices of \$850/oz Au and \$14/oz Ag
- Value added taxes are excluded, as they only have a month-to-month timing impact
- No exploration expenditures were assumed as this would be treated as a separate investment decision
- Capital costs are assumed as of July 1, 2010 forward. Expenditures previous to this date is considered a sunk cost relative to the investment.

Precious metals production and cash costs are shown in Table 9 below:

**Table 9 Precious Metals Production and Cash Costs**

	2012*	2013	2014	2015	2016	2017	2018	>2019	Total
<b>Au (K oz)</b>	169	282	271	286	266	166	166	356	1,962
<b>Ag (K oz)</b>	2.6	3.2	3.6	3.4	3.3	0.4	0.4	0.8	17.7
<b>Cash Cost**</b>	58	62	42	53	86	373	379	361	168

*\*Based on 9 months of production*

*\*\* Cash costs in \$/oz using \$14/oz silver by-product credit*

Andean has chosen to use by-product accounting as silver revenues are less than 20% of the overall revenue stream. These cash costs include all royalties and taxes paid to the provincial government, all operating costs in Argentina, and refining and transportation. The 5% export tax to the central government was included as a revenue reduction. Should this cost be included, cash costs would be \$46 per ounce higher, at about \$109 per ounce for the first five years of production.

During the mine life at Eureka West, the cash cost of production is very low as a direct result of the high gold grades and the significant silver credits. Once the reserves at Eureka West have been mined out, the cash cost of production at Cerro Negro increases, reflecting the lower grades at the Bajo Negro and Vein Zone deposits and the absence of the high silver credits. However, it is anticipated that the Eureka West deposit will be extended through exploration and infill drilling of the inferred resources, which would extend the lower cash cost environment into the future.

The Cerro Negro project has been evaluated using a discounted cash flow analysis on a 100% equity basis and constant US dollar basis. Cash inflows consist of annual revenue projections for the remaining mine-life. Cash outflows such as capital, operating costs and taxes are subtracted from the inflows to arrive at the annual cash flow projections. Annual net cash flow (NCF) projections are then discounted for time and risk and then summed to arrive at a discounted net present value (NPV).

After-tax net present value (NPV) results for various discount rates and the project internal rate of return (IRR) are presented in Table 10 below:

**Table 10 Financial Performance (After tax basis)**

<b>Base Case</b>	
<b>\$850/oz Au, \$14/oz Ag</b>	
<b>NPV (0% discount rate)</b>	\$565 million
<b>NPV (5% discount rate)</b>	\$402 million
<b>NPV (10% discount rate)</b>	\$287 million
<b>IRR</b>	43%

### **Risks and Opportunities**

Opportunities to improve the project economics include the following:

- Conversion of the almost 1 million oz of inferred resources into mineral reserves through definition drilling and value engineering at spot prices versus the \$850 gold price assumed in the FS
- Development of the recently discovered San Marcos resource for eventual inclusion into the mine plan
- Further exploration and definition drilling at the Marianas, where potential underground infrastructure could be shared between the two veins, Mariana Norte and Mariana Central
- Exploration of the high-grade silver vein, Mariana Sur, in order to increase silver grades in the second half of the decade
- Evaluation of ore hoisting at Eureka, in order to reduce operating costs
- Detailed engineering to review opportunities to reduce the capital costs

Risks that require mitigations include the following:

- Exchange rate
- Managing of the construction directs and indirects by an experienced EPCM team
- Operating risks associated with recruiting and training a good underground workforce

### **Next Steps**

The Andean Board of Directors has reviewed the current technical information and has approved management's recommendation to move forward and begin construction once the Environmental Impact Assessment (EIA) has been approved by the provincial authorities in Santa Cruz, Argentina and project financing has been completed. Until the EIA has been approved, Andean will continue to develop the exploration underground decline, approved in the sixth actualization of the

Exploration EIA, develop critical infrastructure, hire an EPCM team, and initiate detailed engineering while exploration continues to expand the three new discoveries.

**The full NI 43-101 Technical Report for the FS will be filed on SEDAR within 45 days, and posted to Andean's website at [www.andeangold.com](http://www.andeangold.com)**

### **Conference Call**

Andean Resources will hold a conference call today, Tuesday, July 6, 2010, at 6:00 PM EST where senior management will discuss the feasibility study and respond to questions from analysts and investors. To join the call:

- In North America, dial toll-free: 866-226-1792
- International toll-free: 800-9559-6849
- Local: 416-340-8530

The conference call will be recorded and playback of the call will be available after the event for one week by dialing one of the following numbers with passcode 8711152:

- In North America: 800-408-3053
- International: 800-3366-3052
- Local: 416-695-5800

***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 province of Santa Cruz, in southern Argentina, and contains a growing resource base of over 3.1 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.***

### **Qualified Persons Statement**

The Eureka West, Vein Zone and Bajo Negro Mineral Resource Estimates were carried out by Steven Ristorcelli, who has sufficient experience (more than 5 years) which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steven Ristorcelli consents to the inclusion in this press release the matters related specifically to reported Eureka, Bajo Negro and Vein Zone resources. The information in this report that relates to Mineral Resources is based on information compiled by Steven Ristorcelli, who is a Member of the AIPG, which is a 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated by the ASX from time to time.

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 member (#4037018) of a Recognised Overseas Professional Organization (ROPO), the Society of Mining, Metallurgy and Exploration America. 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 press release conforms to NI 43-101 standards and industry Best Practices and consents to the inclusion in the report of the matters based on his information in the form and the context in which it appears.

The process plant and associated infrastructure capital and operating cost estimates were developed by David Brimage, who as a result of education, affiliation with a professional association (Member of AusIMM) and past relevant work experience fulfills the requirements to be a qualified person as defined in the National Instrument 43-101 ("NI-43-101").

David Brimage consents to the inclusion of this press release the matters related specifically to the process plant and associated infrastructure capital and operating cost.

The geotechnical recommendations for mine development, geotechnical recommendations for plant and ancillary building foundations and tailings management, including design of the tailings storage facility were developed by Golder Associates under the direction of Terry Eldridge, who as a result of education, affiliation with a professional association (Member of Association of Professional Engineers and Geoscientists of British Columbia) and past relevant work experience fulfill the requirements to be a qualified person as defined in the National Instrument 43-101 ("NI-43-101"). Terry Eldridge consents to the inclusion in this press release the matters related specifically to the geotechnical recommendations for mine development and tailings management.

Mining methods, mine plans, mining reserves, mine capital and mine operating costs are based on information compiled by Mr Carlos Guzmán who is a Mining Engineer and Project Manager with NCL and a Member of the Australasian Institute of Mining and Metallurgy and past relevant work experience fulfils the requirements to be a Qualified Person in accordance with NI 43-101. Mr Guzmán is a consultant to Oroplata and has visited the Cerro Negro Project most recently in April 2009. Mr Guzman consents to the inclusion in this press release of the matters based on his information in the form and context in which it appears.

#### **Forward Looking Statement**

This press release contains certain "forward-looking statements". All statements, other than statements of historical fact, that address activities, events or developments that Andean Resources Limited, including its subsidiaries and affiliated entities (collectively, "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.

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