Andean Resources Limited

ASX Announcement

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

Letter to Andean Shareholders

Take No Action in Relation to The Kingsgate Takeover Offer

Dear Shareholder,

You should shortly receive takeover documentation from Kingsgate South America Pty Ltd (a wholly owned subsidiary of Kingsgate Consolidated Limited ("Kingsgate") in relation to its 100% scrip bid for your Company, Andean Resources Limited.

All of your independent directors remain convinced that the Kingsgate Offer undervalues your Company and its assets and advise you to **take no action in relation to the Kingsgate Offer**. Due to his position as Chief Executive Officer of Kingsgate, Mr Gavin Thomas (also a non-executive director of Andean) has not been involved in any deliberations with the independent directors in relation to the Kingsgate Offer.

As announced on 3 March 2006, your directors have appointed RBC Capital Markets, a division of the Royal Bank of Canada, to advise them in relation to the Kingsgate Offer, and the board, along with its advisers, are working on a detailed response to the Kingsgate Offer (Target's Statement).

Your board continues to believe that the Kingsgate Offer is opportunistic and timed to exploit the period when your Company, through its highly successful recent exploration programs, is still adding significant value to its 100% owned Cerro Negro gold project in Argentina. We believe this value is not fully reflected in the market price of your shares and certainly not reflected in the all share offer from Kingsgate.

The Cerro Negro project is at a formative stage with promising drilling results from only one of nine prospect areas identified on the property to date. Kingsgate Directors, several of whom are already shareholders in Andean, are offering to acquire your Company before it has had the opportunity to expand its exploration programs.

We caution you to read carefully any documents received from Kingsgate in full to understand the risks associated with the Kingsgate Offer. We will be providing more information about this in the Target's Statement.

Once again, we advise you to **take no action in relation to the Kingsgate Offer**, pending the release of our Target's Statement.

If you have any questions in relation to the Kingsgate Offer, you are invited to contact Andean or its advisors on one of the numbers provided.

Yours sincerely,

Warren Gilmour
Chairman