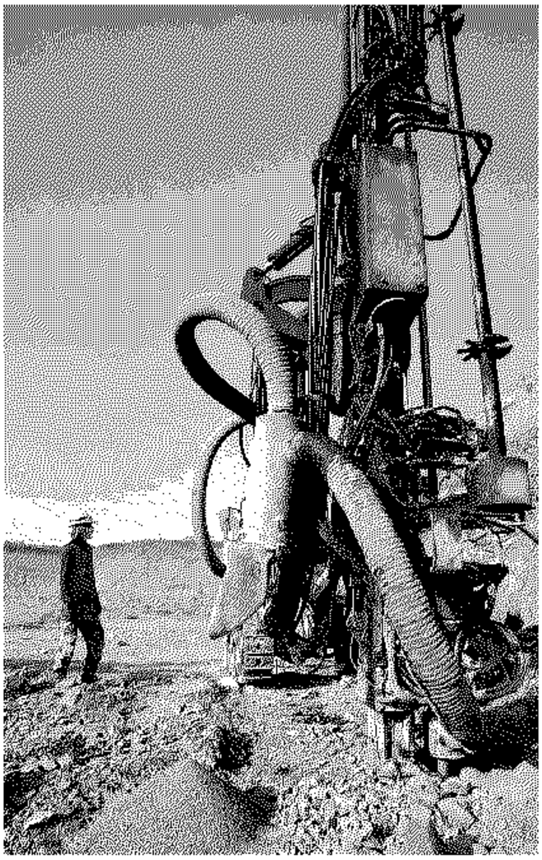
FINAL OFFER

Kingsgate's Unconditional Offer for Andean Resources is NOW FINAL



OFFER INCREASE

Kingsgate will increase its Offer to 1 Kingsgate Share for every 14 Andean Shares if Kingsgate achieves 25% acceptances by 11 July 2006

NO FURTHER EXTENSIONS

The Offer will close on 11 July 2006[1]

[1] Unless automatically extended under the Corporations Act. For further detail, see section 3 of the Seventh Supplementary Bidder's Statement.

ACCEPT NOW

www.kingsgate.com.au

Offer Information Line
Tel: 1300 760 949 (toll free within Australia)
or +61 3 9415 4247 (from outside Australia)

Kingsgate Consolidated Limited
ABN 42 000 837 472
Level 8, 14 Martin Place,
Sydney, NSW, 2000 Australia
Tel: +61 2 8256 4800
Fax: +61 2 8256 4810
Email: info@kingsgate.com.au
Website: www.kingsgate.com.au

16 June 2006

Dear Andean Shareholder

Conditional increase in Kingsgate's Offer for your Andean Resources Shares

I am pleased to announce that Kingsgate will increase its unconditional Offer for your Andean Shares to 1 Kingsgate Share for every 14 Andean Shares you hold if Kingsgate receives sufficient acceptances to take its interest in Andean to 25% by 11 July 2006.

To allow Andean shareholders to take advantage of the conditional increase, the Offer has also been extended to 11 July 2006.

Kingsgate's Offer is now final – it will not be increased again. The Offer will close on 11 July 2006 and will not be extended.[2]

The increased Offer is 7% above Kingsgate's existing Offer for your shares.

I urge you to accept the Offer as soon as possible in order to maximise the prospects of securing the increased Offer.

We remain strongly of the view that it is in your best interests to accept Kingsgate's Offer.

If you have already accepted Kingsgate's Offer and Kingsgate receives sufficient acceptances to take its interest to 25%, then you will be automatically entitled to the additional Kingsgate Shares.

If you have any questions about the Kingsgate Offer, please do not hesitate to call the Kingsgate Offer Information Line on 1300 760 949 (toll free within Australia) or +61 3 9415 4247 (from outside Australia).

I look forward to welcoming you as a Kingsgate shareholder and sharing in the success which I believe will flow from the profitability, growth and development potential associated with a merged Kingsgate and Andean.

Yours sincerely

Ross Smyth-Kirk
Chairman

This letter forms part of the Seventh Supplementary Bidder's Statement of Kingsgate South America Pty Limited.

[2] Unless automatically extended under the Corporations Act. For further detail, see section 3 of the Seventh Supplementary Bidder's Statement.

TAKE A POSITIVE STEP...

Why You Should Accept Kingsgate's FINAL OFFER

- OFFER INCREASE
- KINGSGATE'S OFFER IS FINAL AND WILL NOT BE EXTENDED[3]
- NO ALTERNATIVE OFFER HAS EMERGED
- DON'T RISK A FURTHER FALL IN THE ANDEAN SHARE PRICE
- BECOME A SHAREHOLDER IN A SUCCESSFUL GOLD PRODUCER

Offer Increase

- Kingsgate's increased Offer will be 1 Kingsgate Share for every 14 Andean Shares if Kingsgate receives total acceptances for at least 25% of Andean Shares.
- This represents an increase of 7% from Kingsgate's initial Offer of 1 Kingsgate Share for every 15 Andean Shares held.

Kingsgate's Offer IS FINAL and will not be extended

- There will be no further increases to Kingsgate's Offer.
- There will be no more extensions to the Offer.[3]
- The Offer is now scheduled to close on 11 July 2006.

No alternative offer has emerged

- After nearly 4 months, the Andean Directors have failed to solicit an alternative offer for your Andean Shares.
- Kingsgate's Offer remains the only offer available to Andean shareholders.

Don't risk a further fall in the Andean Share price

- Kingsgate believes the Andean Share price is largely supported by the presence of Kingsgate's Offer.
- As a result, Kingsgate believes there is a significant risk the price of your Andean Shares will fall further once Kingsgate's Offer closes.

Become a shareholder in a successful gold producer

Proven Track Record: Successful development and expansion of the Chatree gold mine – on time and on budget.

Low cost gold producer: The Chatree gold mine has been an internationally low cost gold producing mine for nearly 5 years.

Growth: Recent discovery rate of over 1 million oz/yr gold Resources[4] has resulted in plans to double production at the Chatree gold mine to ~300,000 oz/yr gold in the near future.

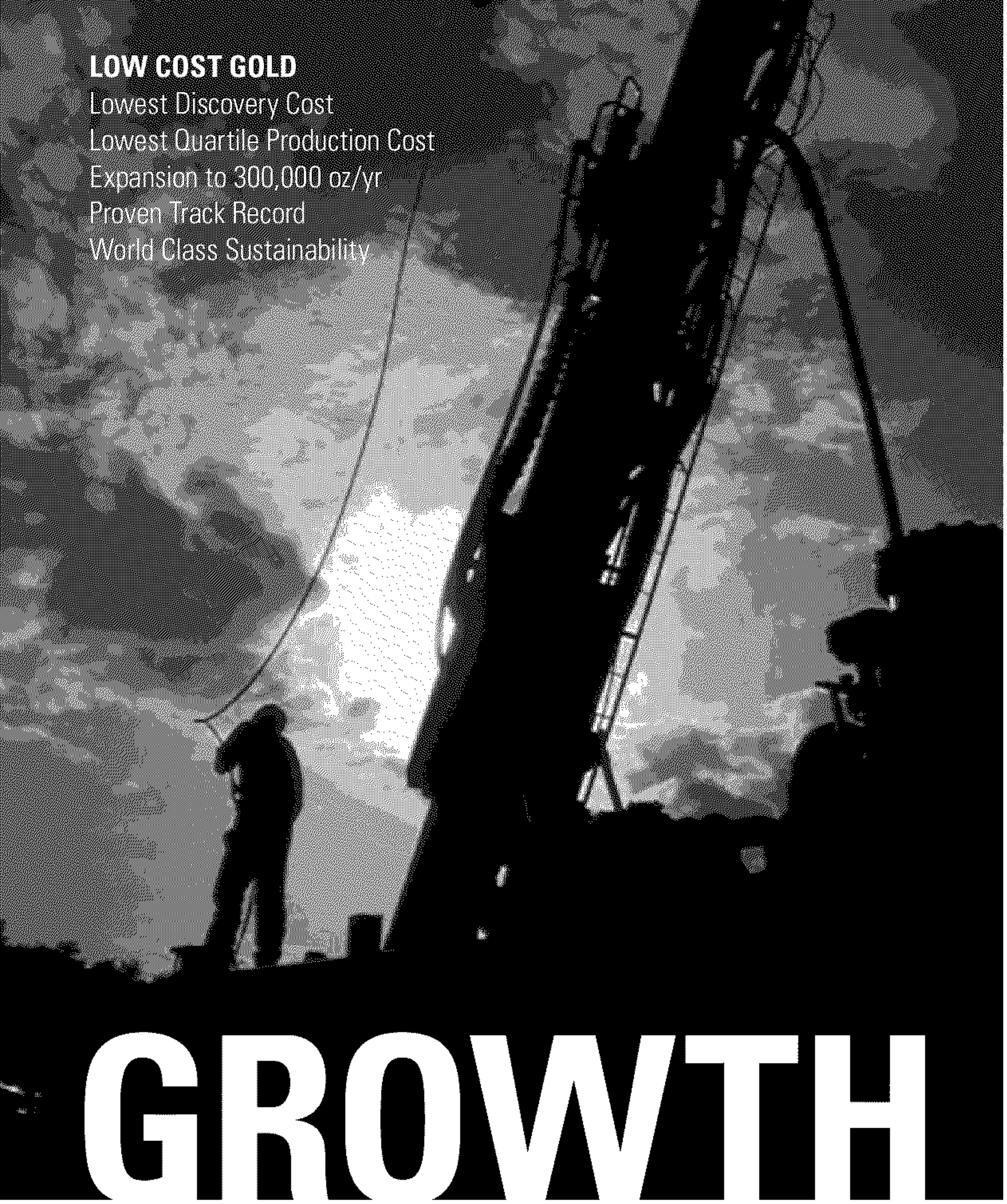
Experience: Track record provides expertise for continued exploration, feasibility studies and potential development of the Cerro Negro Project.

Financial Strength: Strong balance sheet with no debt.

Dividends: Dividend paid every 6 months since June 2002.

[3] Unless automatically extended under the Corporations Act.
[4] Based on 15 months prior to 30 September 2005 Interim Resources Statement.

ACHIEVE SUCCESS TOGETHER.



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Kingsgate South America Pty Ltd
Supplementary Bidder's Statement

1. Introduction

This document and the attached letter constitute a supplementary bidder's statement dated 16 June 2006 under s643 of the *Corporations Act 2001* (Cth) (the ***Corporations Act***), and a notice under s650D of the Corporations Act. It is issued by Kingsgate South America Pty Ltd (ACN 118 498 561) (***Kingsgate***) in relation to Kingsgate's takeover offer for Andean Resources Limited (ACN 064 494 319) (***Andean***) dated 14 March 2006.

This Seventh Supplementary Bidder's Statement (***Supplementary Statement***) supplements and is to be read together with the replacement Bidder's Statement dated 9 March 2006, a Supplementary Bidder's Statement dated 9 March 2006, a Second Supplementary Bidder's Statement dated 4 April 2006, a Third Supplementary Bidder's Statement dated 21 April 2006, a Fourth Supplementary Bidder's Statement dated 5 May 2006, a Fifth Supplementary Bidder's Statement dated 19 May 2006 and a Sixth Supplementary Bidder's Statement dated 2 June 2006 given by Kingsgate to Andean (***Bidder's Statement***).

2. Extension of Offer Period

Kingsgate gives notice that it varies each Offer for all of the ordinary shares in Andean contained in the Bidder's Statement by extending the Offer Period for a period of 25 days, extending the closing date for the Offer to **7.00pm, Sydney time, on 11 July 2006**.

Accordingly, the Bidder's Statement is amended as follows:

(a) Replacing of '16 June 2006' with '11 July 2006' at:

(i) page 3 under "Important Dates";

(ii) page 6, third last paragraph of the Chairman's letter;

(iii) page 32, under "When does the offer close?"

(iv) page 91, section 9.4 under "Offer Period".

(b) replacing '16 June 2006' with '11 July 2006' in the Acceptance Form.

3. Intention to increase Offer consideration

Kingsgate will make a further variation of the Offer if it acquires a relevant interest in more than 25% of Andean Shares on or before 11 July 2006, being the amended closing date of the Offer. If that condition is satisfied, then the Offer will be varied to increase the consideration payable to one Kingsgate Share for every 14 Andean Shares and there will be no further increase in the consideration payable under the Offer. If that condition is not satisfied, the Offer consideration will remain at its current level of one Kingsgate share for every 15 Andean Shares. You will not be entitled to withdraw your acceptance of the Offer.

If, during the last 7 days of the Offer Period:

(a) Kingsgate varies the Offer as set out above; or

(b) Kingsgate's voting power in Andean increases to more than 50%,

then the Offer Period will be extended automatically by 14 days from the date of that event. You will be sent a separate notice informing you of the revised closing date if this occurs.

4. Bidder's Statement updates

If the Offer is increased as set out in section 3, the following changes will be required to the Bidder's Statement:

(a) Replacing of "one (1) Kingsgate Share for every fifteen (15) Andean Shares" with "one (1) Kingsgate Share for every fourteen (14) Andean Shares" at:

(i) page 5, second paragraph of the Chairman's letter;

(ii) page 32, under the heading "What is the Offer price?";

(iii) page 75, first line under the heading "Increase in Shareholders equity";

(iv) page 91, second line under 9.2, "Consideration";

(b) Replacing of "one (1) Kingsgate Share for every fifteen (15) Andean Shares" with "one (1) Kingsgate Share for every fourteen (14) Andean Shares" in paragraph B, "Consideration" of the Acceptance Form;

(c) At page 67, under the heading "Consideration":

(i) in the second paragraph replacing "17.9 million" with "20.5 million", and

(ii) in the third paragraph replacing "2.5 million" with "1.4 million", and "20.4 million" with "21.9 million";

(d) At page 71, under the heading "(b) Effect of acquisition on Kingsgate's capital structure":

(i) in the first paragraph replacing "103.7 million" with "106.5 million", "17.9 million" with "20.5 million", "17%" with "19%", and

(ii) in the second paragraph, replacing "106.2 million" with "107.9 million", "20.4 million" with "21.9 million" and "19%" with "20%";

(e) At page 74, in Table 18, "Post Completion Kingsgate Group Balance Sheet" replacing "148,649" with "160,880", "146,349" with "158,580", "44,595" with "48,264", "101,754" with "110,316", "259,768" with "271,999", "265,082" with "277,313", "306,004" with "318,235", "61,047" with "64,716", "87,419" with "91,088" and "218,585" with "227,147";

(f) At page 75, under the heading "Increase in Shareholders equity", in the first paragraph replacing "20,419,312" with "21,877,835" and "$119,861,361" with "$128,422,890";

(g) At page 75, under the heading "Adjustment relating to the fair value of Andean's assets and liabilities acquired",

(i) in the first paragraph replacing "$104,054,361" with "$112,615,890" and "$119,861,361" with "$128,422,890",

(ii) in the second paragraph replacing "$104,054,361" with "$112,615,890", and "$44,594,726" with "$48,263,953", and

(iii) in the third paragraph replacing “$148,649,087” with “$160,879,843”; and

(h) At page 76, under the heading “Deferred tax liabilities” replacing “$104,054,361” with $112,615,890”, and “$44,594,726” with “$48,263,953”.

5. Other

5.1 Lodgment with ASIC

A copy of this Supplementary Statement was lodged with ASIC on 16 June 2006. This Supplementary Statement will prevail to the extent of any inconsistency with the Bidder's Statement. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Statement.

5.2 Defined Terms

Words defined in the Bidder's Statement have the same meaning in this Supplementary Statement, unless the contrary intention appears.

5.3 Authorisation

This Supplementary Statement has been approved by a resolution passed by the directors of Kingsgate.

Dated: 16 June 2006

SIGNED for and on behalf of Kingsgate South America Pty Ltd
following a resolution of the directors of Kingsgate South America Pty Ltd.

Director