



LOS ANDES COPPER Ltd.

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LOS ANDES COPPER LTD.
(formerly GHG RESOURCES LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

DE VISSER GRAY LLP
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of Los Andes Copper Ltd.

We have audited the balance sheets of Los Andes Copper Ltd. as at September 30, 2007 and 2006 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2007 and 2006 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at and for the year ended September 30, 2006 were audited by other auditors who expressed an opinion without reservation in their report to the shareholders dated November 1, 2006.



CHARTERED ACCOUNTANTS

Vancouver, Canada

January 17, 2008

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30,

	2007	2006
ASSETS		
Current		
Cash and cash equivalents	\$ 1,272,361	\$ 4,173,910
Receivables	311,772	81,225
Inventories (Note 4)	-	71,099
Prepaid expenses	21,338	3,385
	<u>1,605,471</u>	<u>4,329,619</u>
VAT tax credits	249,673	-
Due from related parties	-	45,029
Mineral properties (Note 6)	22,781,183	23,329
Equipment (Note 9)	-	<u>77,254</u>
	<u>\$ 24,636,327</u>	<u>\$ 4,475,231</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 666,266	\$ 1,555,070
Promissory notes payable (Note 10)	-	19,487
	<u>666,266</u>	<u>1,574,557</u>
Future income tax liability (Note 13)	5,659,470	-
Asset retirement obligation (Note 8)	-	<u>33,385</u>
	<u>6,325,736</u>	<u>1,607,942</u>
Shareholders' equity		
Capital stock (Note 12)	27,372,188	8,609,088
Contributed surplus (Note 12)	1,133,038	229,908
Deficit	(10,150,315)	(5,805,072)
Accumulated other comprehensive income	(44,320)	(166,635)
	<u>18,310,591</u>	<u>2,867,289</u>
	<u>\$ 24,636,327</u>	<u>\$ 4,475,231</u>

Nature and continuance of operations (Note 1)
Subsequent events (Note 18)

On behalf of the Board:

"Klaus Zeitler"

Director

"Francis O'Kelly"

Director

The accompanying notes are an integral part of these consolidated financial statements.

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
YEAR ENDED SEPTEMBER 30,

	2007	2006
EXPENSES		
Amortization	315	1,260
Consulting, salaries and management fees	176,498	93,181
Interest on promissory notes payable	303	1,594
Office and administration	18,427	20,525
Professional fees	215,591	75,261
Shareholder communications	23,006	-
Stock-based compensation expense	903,130	73,819
Transfer agent, filing and regulatory fees	87,180	23,773
Travel, promotion and entertainment	34,701	40,302
Loss before other items and discontinued operations	(1,459,151)	(329,715)
OTHER ITEMS		
Foreign exchange expense	(63,127)	-
Gain on sale of subsidiary corporation (Note 7)	634,442	-
Gain on settlement of debt	-	4,413
Interest income	44,201	9,465
Loss before income tax and discontinued operations	(843,635)	(315,837)
Future income tax provision (Note 13)	(2,201,443)	-
Loss for the year from continuing operations	(3,045,078)	(315,837)
Earnings (loss) from discontinued operations, net of tax (Note 14)	(1,300,165)	1,450,422
Earnings (loss) for the year	(4,345,243)	1,134,585
Other comprehensive income	122,315	-
Comprehensive income (loss)	\$ (4,222,928)	\$ 1,134,585
Basic income (loss) per share	\$ (0.10)	\$ 0.08
Diluted income (loss) per share	(0.10)	\$ 0.08
Weighted average number of shares outstanding - basic	44,555,287	13,402,700
Weighted average number of shares outstanding – diluted	44,555,287	13,885,616

The accompanying notes are an integral part of these consolidated financial statements.

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED SEPTEMBER 30,

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year from continuing operations	\$ (3,045,078)	\$ (315,837)
Items not affecting cash:		
Accrued interest on promissory notes payable	-	1,200
Amortization	315	1,260
Future income tax expense	2,201,443	-
Sale of subsidiary corporation, net of cash received	65,558	-
Gain on settlement of debt	-	(4,413)
Stock-based compensation	903,130	73,819
Change in non-cash working capital items:		
Receivables	(6,490)	241
Prepaid expenses	(20,188)	(394)
VAT tax credits	(249,673)	-
Accounts payable and accrued liabilities	86,724	(14,973)
Promissory notes payable	-	(4,413)
Net cash used in operating activities	(64,259)	(263,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares for cash	14,095,100	1,670,123
Repayment of promissory note	-	(15,000)
Net cash provided by financing activities	14,095,100	1,655,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	(12,767,935)	-
Deferred exploration costs	(1,382,651)	-
Purchase of equipment	-	(3,059)
Net cash used in investing activities	(14,150,586)	(3,059)
Cash flows from continuing operations	(119,745)	1,388,554
Cash flows from discontinued operations	(2,781,804)	2,495,836
Change in cash for the year	(2,901,549)	3,884,390
Cash and cash equivalents, beginning of year	4,173,910	289,520
Cash and cash equivalents, end of year	\$ 1,272,361	\$ 4,173,910

Supplementary cash flow information (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common shares					
	No. of shares	Amount (\$)	Deficit (\$)	Contributed Surplus (\$)	Accumulated Other Comprehensive Income (\$)	Shareholders' Equity (\$)
Balance – Sept. 30, 2005	10,673,633	6,908,207	(6,939,657)	186,847	(126,518)	28,879
Issuance of shares –						
Private placements	10,550,000	1,571,500	-	-	-	1,571,500
Finders' fees on private placements	750,000	-	-	-	-	-
Exercise of warrants	543,250	73,623	-	-	-	73,623
Exercise of stock options	250,000	25,000	-	-	-	25,000
Options granted	-	-	-	73,819	-	73,819
Transfer of value on exercise of stock options	-	30,758	-	(30,758)	-	-
Foreign exchange gains or losses on translation of self- sustaining operations	-	-	-	-	(40,117)	(40,117)
Net earnings for the year	-	-	1,134,585	-	-	1,134,585
Balance – Sept. 30, 2006	22,766,883	8,609,088	(5,805,072)	229,908	(166,635)	2,867,289
Issuance of shares -						
Private placement	20,000,000	12,000,000	-	-	-	12,000,000
Finders' fees on private placement	1,382,383	-	-	-	-	-
Acquisition of mineral properties	6,280,000	4,668,000	-	-	-	4,668,000
Finders' fees on acquisition of mineral property	1,500,000	-	-	-	-	-
Exercise of warrants	10,670,000	2,095,100	-	-	-	2,095,100
Options granted	-	-	-	903,130	-	903,130
Foreign exchange gains or losses on translation of self- sustaining operations	-	-	-	-	122,315	122,314
Net loss for the year	-	-	(4,345,243)	-	-	(4,345,242)
Balance – September 30, 2007	62,599,266	27,372,188	(10,150,315)	1,133,038	(44,320)	18,310,591

The accompanying notes are an integral part of these consolidated financial statements.

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

1. NATURE AND CONTINUANCE OF OPERATIONS

Los Andes Copper Ltd. ("the Company") was incorporated under the laws of British Columbia. Its principal business activities are the identification, acquisition, exploration and development of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's shares trade on the TSX Venture Exchange ("TSX-V").

Effective January 1, 2007, the Company disposed of its former wholly-owned subsidiary, Tun Resources Inc. ("Tun") and its joint venture interest in the Yunnan Yuntong Exploration Company Ltd. ("YYE"), a company established in the People's Republic of China.

On February 8, 2007, the Company acquired all of the issued and outstanding shares of Vizcachitas Limited. Vizcachitas Limited owns 399 of the 400 issued and outstanding shares in Compañía Minera Vizcachitas Holding ("CMV"). The remaining share in CMV is owned by the Company. CMV owns certain interests which comprise the Vizcachitas Property in Region V, Chile.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent on completing public equity financings, or generating profitable operations in the future.

	2007	2006
Net working capital	\$ 939,205	\$ 2,755,062
Cumulative operating deficit	(10,150,315)	(5,805,072)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements include the accounts of the Company and its subsidiaries, Vizcachitas Limited and Compañía Minera Vizcachitas Holding, which were acquired on February 8, 2007 (Note 5). All significant inter-company transactions and balances have been eliminated.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Tax credits

Expenses incurred by the Company in Chile, including deferred exploration expenses, are subject to a Chilean Value Added Tax ("VAT"). The VAT is not refundable to the Company, but can be used to in the future to offset amounts due to the Chilean Revenue Service by the Company resulting from VAT charged to clients on future sales.

Mineral interests

Following the acquisition of the Vizcachitas Property, the Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold. On the commencement of commercial production, net costs will be charged to operations using the unit of production method by project based upon estimated recoverable reserves. The amounts shown for mineral interests represent costs incurred to date and do not necessarily reflect present or future values. Management will review the carrying values of mineral interests on a project by project basis at least annually to determine if they have become impaired. If impairment is determined to exist, the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized for mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof.

Property option agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Because options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

Asset retirement obligations

The Company recognizes a liability for an asset retirement obligation when it is determinable and calculates the liability based upon discounted future payments to be made. A corresponding amount is added to the carrying amount of the related long-lived asset, and this amount is subsequently allocated to expense over its expected life. Adjustment will also be made in subsequent periods to changes in asset retirement obligations due to changes in estimates. As at September 30, 2007, the Company does not have any asset retirement obligations.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded using the following methods and annual rates:

Automobile	20% straight-line
Computer equipment	20% - 30% declining balance
Machinery and equipment	20% straight-line

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Retirement of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant, when the carrying amount of the assets exceeds their estimated undiscounted net cash flow from use or their fair value, at which time the estimated amount of the impairment is charged to earnings.

Stock-based compensation

The Company follows the applicable accounting standard for stock-based compensation under which the fair value method is used for the accounting of stock options granted, and compensation expense is recognized over the options' vesting period.

Revenue Recognition

Revenue in connection with the Company's former operations in China was recognized in the accounts when gold was shipped, title passed and collection of the sale was reasonably assured.

Inventories

Inventories in connection with the Company's former operations in China were stated at the lower of average cost and net realizable value.

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Foreign currency translation

Integrated Operations - The Company's functional currency is the Canadian dollar. The Vizcachitas subsidiary operations are regarded as being integrated with the parent company and therefore the temporal method of translation has been applied. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities are translated at the exchange rate in effect at the time of the transaction. Revenues and expenses are also translated at rates in effect at the time of the transaction. Gains and losses on translation are included in the results from operations.

Self-Sustaining Operations - The Company's former subsidiary, Tun, was regarded to be self-sustaining and was therefore translated into Canadian dollar equivalents using the current rate method, whereby gains and losses arising from exchange translation were included in shareholders' equity as accumulated other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings/loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic earnings (loss) per share are calculated using the weighted-average number of common shares outstanding during the year. In periods where losses are recorded, diluted loss per share is the same as basic earnings/loss per share since the effect of dilutive items would be anti-dilutive.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences, attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

3 ADOPTION OF NEW ACCOUNTING STANDARDS

Accounting Changes

Effective October 1, 2006, the Company adopted the revised CICA Section 1506 "Accounting Changes", which requires that (a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

Financial Instruments

Effective October 1, 2006, the Company adopted the new accounting standards and related amendments to other standards on financial instruments issued by the CICA. There was no effect in the Company's financial statements on adoption of these standards.

Financial Instruments – Recognition and Measurement (Section 3855): The standard prescribes when a financial asset, financial liability and non-financial derivative is to be recognized on the Balance Sheet and whether fair value or cost-based measures should be used to measure the recorded amounts. It also specifies how financial instruments gains or losses should be presented. Fair value is determined directly by reference to published price quotations in the active market where the securities are traded. Changes in the fair value of these instruments are reflected in income and included in shareholders' equity on the Balance Sheet. The Company has determined that at September 30, 2007, it has no financial instruments or derivatives, including embedded derivatives.

3 ADOPTION OF NEW ACCOUNTING STANDARDS (cont'd...)

Hedges (Section 3865): The standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline 13 (ACG-13) "Hedging Relationships" and Section 1650 "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. At September 30, 2007, the Company had no hedging relationships.

Comprehensive Income (Section 1530): The standard requires the presentation of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses related to self-sustaining operations, all of which are not included in the calculation of net earnings until realized. Comprehensive income is being disclosed as a component in the Company's Statement of Shareholders' Equity.

4. INVENTORIES

Inventories were held by the Company in connection with its former operations in China. They consisted primarily of gold that was carried at the lower of cost and net realizable value. Chemical materials were carried at the lower of cost and replacement cost. Cost was determined on a weighted-average basis.

	September 30, 2007	September 30, 2006
Inventories		
Chemical materials	\$ -	\$ 4,049
Gold	-	67,050
	<u>\$ -</u>	<u>\$ 71,099</u>

5. ACQUISITION OF VIZCACHITAS LIMITED

On February 8, 2007, the Company acquired from Global Copper Corp ("Global") all of the issued and outstanding shares of Vizcachitas Limited. Vizcachitas Limited owns 399 of the 400 issued and outstanding shares in Compañía Minera Vizcachitas Holding ("CMV"), a company incorporated under the laws of Chile. The remaining share in CMV is owned by the Company. CMV owns the following interests which comprise the Vizcachitas Property:

1. 51% of the shares of Sociedad Legal Minera San José Uno de Lo Vicuña, El Tártaro y Piguchén de Putaendo ("San José SLM"), a Chilean Sociedad Legal Minera, which is the owner of the San José mining concessions (the "SJ Concessions");
2. 32 mining rights (the "Mining Rights"), of which 8 are existing exploitation mining concessions encircling the SJ Concessions, 19 are exploitation mining concessions in process of constitution (exploitation claims) encircling the SJ Concessions and 5 are exploration mining concessions in process of constitution (exploration claims) protecting the SJ Concessions; and
3. An option agreement to purchase 100% of six additional exploitation mining concessions (the "Additional Concessions" and together with the SJ Concessions and the Mining Rights, the "Property"), also encircling the SJ Concessions.

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

5. ACQUISITION OF VIZCACHITAS LIMITED (cont'd...)

All the Concessions are subject to NSR royalties of 2% on any surface production and 1% on any underground production on the claims. In the case of the SJ Concessions, the Company's portion of NSR royalties is 1.02% on surface mining and 0.51% on underground mining.

San José SLM is a Chilean Sociedad Legal Minera ("SLM") and the Company owns an indirect 51% majority interest in San Jose SLM. This SLM provides ownership of an important central zone of the existing mineralization of the Vizcachitas property. Chilean legal counsel have advised that an SLM is regulated by the Chilean Mining Code (the "Code"), according to which (i) the administrators of the SLM are appointed in shareholders meetings, and they have the power to administer the SLM, including entering into labour contracts, buying materials necessary for the exploration or exploitation of the mine or processing of the mine's products, paying debts and collecting credits of the SLM and selling ore extracted from the SLM's properties; (ii) all other matters not entrusted by the Code to the administrator are decided in shareholders' meetings, which are presided over by the shareholder with the highest number of shares; (iii) in most cases matters are decided by the majority of the shares, including the determination of the amount of contributions for expenses of maintenance and exploration or exploitation of the concessions (the "Expenses"); and (iv) the shareholders are required to contribute to the payment of the Expenses in proportion to the shares they hold in the SLM.

The Company understands a single Chilean company ("Minority Shareholder") owns the remaining minority 49% of San José SLM.

Consideration for the acquisition of the Vizcachitas Property was comprised of US\$10,400,000 in cash and the issuance to Global of 6,280,000 shares and 3,900,000 share purchase warrants in the capital of the Company. Each warrant enables Global to acquire one additional share of the Company for a period of three years to February 8, 2010, at an exercise price of \$1.00 per share. In addition, Global was granted net smelter royalties of 2% on revenues generated from open pit operations and 1% on revenues generated from underground operations on certain of the claims comprising the Vizcachitas Property.

The Company accounted for this acquisition using the purchase method. The following table summarizes the purchase price allocation based on final allocation of the fair values of the assets acquired and liabilities assumed.

Net assets acquired	\$
Cash	4,568
Value added tax credits	32,274
Accounts payable and accrued liabilities	(3,428)
Mineral property	20,341,337
Future income tax liability	(3,458,027)
Total net assets acquired	<u>16,916,724</u>
Consideration	
Cash (US\$10,400,000)	12,248,724
Shares and warrants issued to vendor	3,768,000
Finder's fees	900,000
	<u>16,916,724</u>

In connection with the acquisition, the Company recorded a future income tax liability of \$3,458,027, as required by generally accepted accounting principles, due to the limited tax pools available to offset taxable income earned in the Company, relative to the carrying cost of the acquired asset on the Company's balance sheet. At the time the future income tax liability was recorded, an increase of \$3,458,027 to the value of the acquired asset was also recorded by the Company.

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

6. MINERAL PROPERTIES

As at September 30, 2007, all of the Company's mineral properties are located in Region V, Chile.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to its properties is in good standing.

	Vizcachitas	Yunnan Yuntong	Total
Balance, September 30, 2006	\$ -	\$ 23,329	\$ 23,329
Additions during period:			
Acquisition costs	20,893,962	-	20,893,962
Deferred exploration			
Automobile and travel	17,022	-	17,022
Assaying	13,956	-	13,956
Camp rehabilitation, maintenance & security	94,653	-	94,653
Core handling & storage	17,596	-	17,596
Drilling	910,247	-	910,247
Equipment and equipment rental	150,536	-	150,536
Exploration administration	61,132	-	61,132
Food & accommodation	62,748	-	62,748
Geological consulting	41,913	-	41,913
Other	6,765	-	6,765
Property & surface rights, taxes & tenure fees	46,340	-	46,340
Studies and other consulting	33,458	-	33,458
Subcontractors	280,263	-	280,263
Supplies	150,592	-	150,592
	1,887,221	-	1,887,221
	22,781,183	23,329	22,804,512
Disposition of subsidiary corporation (Note 7)	-	(23,329)	(23,329)
Balance, September 30, 2007	\$ 22,781,183	\$ -	\$ 22,781,183

As per an agreement dated September 21, 2005, the Company is committed to making the payments outlined below in connection with an option to acquire a 100% interest in the Additional Concessions:

US\$ 500,000	Due on November 30, 2007 (paid)
500,000	May 31, 2008
700,000	November 30, 2008
700,000	May 31, 2009
800,000	November 30, 2009
<u>US\$ 3,200,000</u>	

Prior to the sale of Tun, the Company, through Tun, owned interests in three mineral properties located in the Zhen Yuan Mining District, China (together, the "Yunnan Yuntong Properties"): the Shangzhai exploration licence area and mining concession and the Bianfushan exploration licence area and mining concession, which had been in production; and the Jiazutian (formerly Lannitang) exploration licence area, which was in the exploration and development stage. The Company's interests in its Chinese mineral properties were held through the Yunnan Yuntong JV, a Chinese joint venture company.

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

6. MINERAL PROPERTIES (cont'd...)

On August 29, 2006, the Company signed a Contract of Transferring Exploration Properties with Simao Municipal Bureau of Land and Resources in Yunnan Province ("Simao") to transfer the title of the above three mineral properties to Simao for gross proceeds of RMB 25 million. After transferring the title to Simao, the Company still kept the mining rights for Shangzhai and Bianfushan, which allowed the Company to mine gold on the two properties until the mining rights expiry in June 2011. However, the Company could do no further exploration on the properties. The Company paid a consulting fee of RMB 2.5 million to a company for its help in negotiating this transaction. In addition, the Company accrued at September 30, 2006 RMB 1,250,000 of business tax, RMB 100,000 of property valuation fees and RMB 8,965,600 of government assessment in connection with the transaction, resulting in net proceeds of RMB 12,184,400 from the sale of the mineral titles.

At the end of fiscal 2007, these amounts are reflected as discontinued operations for comparative purposes (Note 14).

7. DISPOSITION OF SUBSIDIARY CORPORATION

The Company entered into an agreement dated January 1, 2007 to sell all of the outstanding shares of Tun, through which the Company owned certain joint venture interests in two mineral properties located in the Zhen Yuan Mining District, China. Consideration on closing was \$1,000,000 and the assumption by the purchaser (the "Purchaser") of liabilities of the Company in the aggregate amount of \$473,412. The \$1,000,000 payment was to be made in three instalments, \$100,000 on April 20, 2007 (received), \$400,000 on May 31, 2007 (received) and \$500,000 on July 31, 2007 (partially received). At September 30, 2007, \$300,000 plus interest of \$6,000 for late payment remained outstanding. The \$306,000 was received by the Company on October 2, 2007. The Company recorded a gain of \$634,442 on disposition of these properties.

8. ASSET RETIREMENT OBLIGATION

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the Company's asset retirement obligations:

	2007	2006
Balance, beginning of the year	\$ 33,385	\$ 21,928
Asset retirement obligation	(33,385)	10,015
Accretion expense	-	2,053
Effect of foreign exchange rate	-	(611)
	\$ -	\$ 33,385

The Company's asset retirement obligation was in connection with its former Chinese operations. The undiscounted amount of cash flows required over the estimated reserve life of the underlying assets to settle the obligation after adjustments for inflation, were estimated to be \$42,916 in 2006. The obligation was calculated using a credit-adjusted risk free discount rate of 6.48% and an inflation rate of 3.6%. The Company expected to fund this obligation from general Company resources at the time the costs were incurred.

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9. EQUIPMENT

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Automobile	\$ -	\$ -	\$ -	\$146,547	\$ 83,845	\$ 62,702
Computer equipment	-	-	-	30,834	20,192	10,642
Machinery and equipment	-	-	-	22,545	18,635	3,910
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$199,926</u>	<u>\$ 122,672</u>	<u>\$77,254</u>

10. PROMISSORY NOTES PAYABLE

	2007		2006	
Principal amount	\$ 19,487	\$ -	\$ 37,700	\$ -
Repayments	-	-	(15,000)	-
Write-off of accrued interest	-	-	(4,413)	-
Accrued interest	303	-	1,200	-
Assumed by purchaser of former subsidiary	(19,790)	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,487</u>	<u>\$ -</u>

The promissory notes were payable on demand, were unsecured and bore interest at 10% per annum.

11. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2007, the Company paid or accrued \$79,513 in management fees (2006: \$22,500), \$41,113 in geological consulting fees (2006: \$nil) and \$24,075 in legal fees (2006: \$nil) to companies related to directors and officers of the Company. Additionally, in 2006 the Company paid or accrued \$900 in accounting fees and \$3,600 for office and administration expenses to companies related to directors and officers of the Company.

Included in the accounts payable and accrued liabilities balance at September 30, 2007 is \$14,363 due to officers and directors of the Company (2006: \$173,242).

Amounts due to and from related parties are non-interest bearing, unsecured and have no fixed terms of repayment. These transactions were in the normal course of operations and were measured at fair value as determined by management.

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12. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Authorized – unlimited common shares without par value.

During the year ended September 30, 2007, the Company:

- (a) Completed a non-brokered private placement comprised of 20,000,000 units at a price of \$0.60 per unit for gross proceeds of \$12,000,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one additional common share of Los Andes at a price of \$1.00 per share for a period of one year to February 8, 2008. A finder's fee was payable in units in connection with the private placement, for a total of 1,382,383 units at a cost of \$829,430. The units issued as finders' fees have the same terms and conditions as those sold in the private placement. The proceeds for the private placement were used to finance the purchase of the Vizcachitas property (Note 5).
- (b) Completed the acquisition from Global of all of Global's interest in the Vizcachitas property. As consideration for the acquisition, Los Andes paid \$12,248,724 (US\$10,400,000) and issued to Global 6,280,000 shares and 3,900,000 share purchase warrants in the capital of Los Andes. Each warrant is exercisable for a period of three years to February 8, 2010 and entitles Global to acquire one additional share of Los Andes at a price of \$1.00 per share. A finder's fee of 1,500,000 common shares at a cost of \$900,000 was paid by Los Andes in connection with the acquisition.
- (c) Issued 10,670,000 shares on exercise of warrants, at exercise prices ranging from \$0.13 to \$0.20 per share, for proceeds of \$2,095,100.

During the year ended September 30, 2006, the Company:

- (a) Completed a non-brokered private placement consisting of 10,000,000 units issued at \$0.15 each for gross proceeds of \$1,500,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.20 per share for a period of one year to July 5, 2007. In connection with the private placement, the Company issued 750,000 shares with a value of \$112,500 as finder's fees.
- (b) Completed a non-brokered private placement consisting of 550,000 units issued at a price of \$0.13 each for gross proceeds of \$71,500. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.15 per share for a period of one year to January 10, 2007.

Contributed Surplus

Contributed surplus arises from stock-based compensation expense for stock purchase options granted to directors, officers and consultants, in compliance with current accounting standards. The following assumptions were used for the Black-Scholes option valuation of 2,050,000 options granted during the year ended September 30, 2007 and the 600,000 options granted in the year ended September 30, 2006:

	2007	2006
Risk-free interest rate	4.21% - 4.30%	3.75%
Expected life of options	5 years	5 years
Annualized volatility	91.85% - 94.96%	163.57%
Dividend rate	0.00%	0.00%

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12. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

During the year ended September 30, 2007, the Company recorded a stock-based compensation expense of \$903,130 offset to contributed surplus, for grants in the aggregate amount of 2,050,000 options to directors, officers and consultants of the Company.

Stock options

Under its stock option plan, the Company is authorized to grant stock options, upon receiving regulatory approval, to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Generally under the plan, stock options vest on grant and have no more than a five year term. The exercise price of the options will be determined by the board of directors but will not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX Venture Exchange to a minimum of \$0.10 per share.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, September 30, 2005	420,000	\$ 0.38
Granted	600,000	0.10
Exercised	<u>(250,000)</u>	0.10
Outstanding, September 30, 2006	770,000	\$ 0.25
Granted	2,050,000	0.60
Expired	<u>(770,000)</u>	0.25
Balance, September 30, 2007	<u>2,050,000</u>	0.60
Exercisable, September 30, 2007	<u>2,050,000</u>	\$ 0.60

At September 30, 2007, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
2,000,000	\$0.60	May 10, 2012
<u>50,000</u>	\$0.40	August 28, 2012
<u>2,050,000</u>		

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12. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2005	1,263,250	\$ 0.21
Issued	10,550,000	0.20
Exercised	(543,250)	0.14
Expired	(600,000)	0.30
Balance, September 30, 2006	10,670,000	0.20
Issued	25,282,383	1.00
Exercised	(10,670,000)	0.20
Balance, September 30, 2007	25,282,383	1.00

At September 30, 2007, the following warrants were outstanding:

Number of Shares	Exercise Price	Expiry Date
21,382,383	\$1.00	February 7, 2008
3,900,000	\$1.00	February 7, 2010
25,282,383		

13. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2007	2006
Earnings (loss) for the year	\$ (4,345,243)	\$ 1,134,585
Expected income tax (recovery)	\$ 1,479,193	\$ 415,485
Difference in foreign tax rates	-	(537,439)
Non-deductible expenses	1,320,391	21,577
Application of net capital losses	(108,172)	-
Unrecognized benefit of non-capital losses	-	100,377
Valuation allowance	266,974	-
	-	-
Adjustment of future income tax liability to actual	2,201,443	-
Total income taxes	\$ 2,201,443	\$ -

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SEPTEMBER 30, 2007

13. INCOME TAXES (cont'd...)

The significant components of the Company's future income tax assets are as follows:

	2007	2006
Future income tax assets:		
Non-capital loss available for future periods	\$ 728,206	\$ 501,727
Share issue costs	256,609	-
Capital loss available	357,136	441,612
Plant and equipment	-	4,008
Resource properties	(7,001,421)	1,336,362
	(5,659,470)	2,283,709
Valuation allowance	-	(2,283,709)
Net future tax liability	\$ (5,659,470)	\$ -

The Company has Canadian and Chilean non-capital losses of approximately \$1,966,000 and \$340,000 respectively which may be carried forward and applied against taxable income in future years. The Canadian losses, if not utilized, will expire through to 2027. The Chilean losses can be carried forward indefinitely. Subject to certain restrictions, the Company also has mineral property expenditures of approximately \$1,052,000 available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

14. DISCONTINUED OPERATIONS

On January 1, 2007, the Company sold all the outstanding shares of Tun (Note 7) through which the Company conducted its former Chinese operations.

The net loss from the Chinese discontinued operations in the year ended September 30, 2007 was \$1,300,165 (2006: net earnings from discontinued operations of \$1,450,422). The results from discontinued operations consist of the following:

	2007	2006
Revenue	\$ -	\$ 949,835
Cost of sales	640,564	713,321
Expenses	48,823	212,197
Other items	610,778	(1,426,105)
Earnings/(loss) from discontinued operations, net of cash	\$ (1,300,165)	\$ 1,450,422

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

15. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, VAT tax credits and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2007	2006
Cash paid during the year for taxes	\$ -	\$ -
Cash paid during the year for interest	\$ -	\$ -

The significant non-cash transactions during the year ended September 30, 2007 were as follows:

- a) The Company issued an aggregate of 6,280,000 shares and 3,900,000 share purchase warrants, valued at \$3,768,000 in connection with the acquisition of mineral property interests (Note 5 and Note 12(b)).
- b) The Company issued 1,500,000 shares valued at \$900,000 as finder's fees in connection with the acquisition of mineral property interests (Note 5 and Note 12(b)).
- c) The Company issued 1,382,383 shares valued at \$829,430 as finders' fees in connection with a private placement (Note 12(a)).
- d) At September 30, 2007, net exploration costs included in accounts payable were \$504,570.
- e) The Company recorded stock-based compensation of \$903,130 as calculated using the Black-Scholes option pricing model.

The significant non-cash transactions during the year ended September 30, 2006 included the following:

- a) The Company issued 750,000 shares valued at \$112,500 as a finder's fee for a private placement.
- b) The Company recorded a value of \$30,758 into share capital in connection with the exercise of 250,000 stock purchase options during the year.
- c) The Company recorded stock-based compensation of \$73,819 as calculated using the Black-Scholes option pricing model.

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17. SEGMENTED INFORMATION

Operating segments

The Company has one operating segment, being the exploration and development of natural resources. The Company's mineral properties are located in Chile. The Company's former operations and mineral properties were located in China.

Geographic segments

	2007	2006
Sales		
China	\$ -	\$ 949,835
Earnings (loss) for the year		
Canada	\$ (828,814)	\$ (315,837)
Chile	\$ (2,216,264)	-
China	\$ (1,300,165)	1,450,422
	<u>\$ (4,345,243)</u>	<u>\$ 1,134,585</u>
Assets		
Canada	\$ 1,476,665	\$ 2,215,992
Chile	\$ 19,591,635	\$ -
China	\$ -	\$ 2,259,239
	<u>\$ 21,068,300</u>	<u>\$ 4,475,231</u>

18. SUBSEQUENT EVENTS

Subsequent to September 30, 2007:

- a) The Company completed a non-brokered private placement to raise \$7,500,000. In connection with the placement, the Company issued 15,000,000 units, each unit consisted of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.75 until November 24, 2008. In connection with the private placement, the Company paid aggregate finders' fees of \$305,025. All securities issued in connection with the placement are subject to a four-month hold period expiring March 23, 2008.
- b) The Company a completed non-brokered private placement to raise \$500,000. In connection with the placement, the Company issued 1,000,000 units, each unit consisted of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.75 until January 12, 2009. In connection with the private placement, the Company paid aggregate finders' fees of \$35,000. All securities issued in connection with the placement are subject to a four-month hold period expiring May 11, 2008.

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18. SUBSEQUENT EVENTS (cont'd...)

- c) An aggregate of 2,550,000 stock options were issued to a directors, officers and consultants of the Company. The options have an exercise price of \$0.51 per share, vested on granting and have a five year term to November 30, 2012.
- d) The Company entered into an agreement in principle to acquire 250 litres per second of consumptive water rights on the Aconcagua River from an arms-length party at a cost of US\$4,250,000.