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**LOS ANDES COPPER LTD.
Management Discussion & Analysis
For the Quarter Ended December 31, 2008**

All figures expressed in Canadian Dollars except where noted

The following discussion and analysis of the results of operations and financial position of Los Andes Copper Ltd. ("Los Andes") together with its subsidiaries (collectively, the "Company"), is prepared as of February 26, 2009 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at December 31, 2008 and the Company's audited consolidated financial statements and the notes thereto prepared as at September 30, 2008.

Company Overview

Los Andes is a Canadian mineral exploration and development company focused on the acquisition, exploration and development of advanced stage copper deposits in Latin America.

The Company's current focus is the Vizcachitas porphyry copper-molybdenum project, located 120 km north of Santiago, Region V, Chile. Based on 35,255 meters of drilling in 130 diamond drill holes, the project contains an indicated resource of 515 M tonnes grading 0.39% copper and 0.011% molybdenum, and an additional inferred resource of 572 M tonnes grading 0.34% Cu and 0.012% Mo at a 0.3% copper equivalent cut-off.

Overall Performance

In the quarter ended December 31, 2008 ("Q1-2009") the Company incurred a loss of \$524,399.

The most significant item in the Company's statement of operations in Q1-2009 is a foreign exchange expense of \$339,535, most of which is of an unrealized nature, recorded in connection with two amounts due by the Company, each for US\$1,062,500 (\$1,299,225 as of December 31, 2008), in connection with the purchase of water rights (see *Liquidity and Capital Resources*). The payments are due in US dollars, a currency which appreciated significantly against the Canadian dollar during Q1-2009.

During Q1-2009 the Company invested a total of \$1,394,346 in the Vizcachitas project, including acquisition costs of \$641,089 and deferred development costs of \$753,257, and continued work on the preliminary economic analysis (scoping study).

The Company's cash and cash equivalents balance and working capital at December 31 2008 were \$4,149,908 and \$2,523,459 respectively.

The Vizcachitas Property

On February 8, 2007, Los Andes 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 was purchased directly by Los Andes. 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. 30 mining rights (the "Mining Rights"), of which 27 are existing exploitation mining concessions encircling the SJ Concessions and 3 are exploration mining concessions in process of constitution (exploration claims); and
3. An option agreement to purchase 100% of five additional exploitation mining concessions (the "Additional Concessions" and together with the SJ Concessions and the Mining Rights, the "Property"), also encircling the SJ Concessions.

All the Concessions, with the exception of the SJ 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.

The Property is located in the province of San Felipe, Region V, Chile, an area of low elevation with excellent infrastructure, including water and power. AMEC described NI43-101 compliant mineral resources for the property in a technical report dated June 9, 2008. The resource calculation was based on 35,255 metres of drilling in 130 diamond drill holes. Results showed indicated resources of 515M tonnes grading 0.39% copper and 0.011% molybdenum, and an additional inferred resource of 572M tonnes grading 0.34% copper and 0.012% molybdenum at a 0.3% copper equivalent cut-off.

The Company owns an indirect 51% majority interest in San José SLM, a Chilean Sociedad Legal Minera ("SLM"). Chilean legal counsel have advised that a Chilean Sociedad Legal Minera, or 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 49% minority interest in San José SLM. The Company has not yet determined how development of the Property will proceed, and continues to look forward to further discussions with the shareholders and principals of the Minority Shareholder which the Company believes will ultimately result in a mutually beneficial plan of action.

The property rights outlined above contain the balance of the known mineralization, and the Company believes there is potential for expanding or adding to the existing resource on the Property. The area will also provide for critical waste stripping and development tenure for the resource identified to date.

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 entitles the holder to acquire one additional share of the Company 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.

During due diligence in respect of the Vizcachitas acquisition, the Company discovered an historical pledge (the "Pledge") which had been unknown to Global. The Pledge was recorded a number of years ago against five of the 51 San José SLM shares. Global confirmed to the Company their belief that no indebtedness is secured by the Pledge, and it was merely an oversight that the Pledge was never

formally discharged. Global provided the Company with an indemnity in the amount of US\$1 million indemnifying and saving the Company harmless from any liabilities, claims and expenses arising in connection with the Pledge for the two year period to February 8, 2009. There has been no claim of any kind with respect to the Pledge since the Company completed the acquisition. The Company believes that there will be no such claim in future and, if there were such a claim, it would be statute barred.

In connection with the Vizcachitas acquisition, the Company recorded a future income tax liability of \$3,458,027, as required by Canadian GAAP, to account for the potential tax effect resulting from 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.

On August 1, 2008, Teck Cominco Limited acquired all the shares of Global and, pursuant to a plan of arrangement, the 6,280,000 shares, 3,900,000 share purchase warrants and the net smelter royalties were transferred to Lumina Copper Corp., a company listed on the TSX Venture Exchange.

Results of Operations

Quarter Ended December 31, 2008

Financial Review

The Company incurred a net loss of \$524,399 or \$0.01 per share in Q1-2009 (Q1-2008: net loss of \$1,104,694 or \$0.02 per share).

The most significant expense in Q1-2009 was a foreign exchange expense of \$339,535 (Q1-2008: \$4,419), of which \$392,190 was recorded in connection with translating two liabilities of US\$1,062,500 each to Canadian dollars at the exchange rate at December 31, 2008. Accordingly, \$392,190 of the foreign exchange expense recorded in the quarter is of an unrealized nature.

Excluding foreign exchange expense, the Company incurred expenses of \$209,163 in the quarter compared to \$1,131,804 in Q1-2008, a reduction in expenses of \$922,641. Most of the variance can be traced back to stock-based compensation expense which was \$nil in Q1-2009 (as no options were granted) and \$914,164 in Q1-2008.

In Q1-2009 the Company spent \$73,585 in professional fees, most of which were legal fees incurred in Chile and which are expected to decrease significantly in subsequent quarters.

The Company incurred shareholder communication expenses of \$64,248 in Q1-2009 (Q1-2008: \$21,717) mostly in connection with attendance at trade shows and investor relations. Given current market conditions, the Company has curtailed significantly all shareholder communication expenses and expects these expenses will be significantly lower in the remaining quarters of fiscal 2009.

Consulting, salaries and management fees were \$54,225 in Q1-2009 compared to \$118,589 in Q1-2008. These expenses were higher in Q1-2008 due to one-time advisory fees. Also, in the course of Q1-2009 the Company reduced fees to consultants, officers and directors in an effort to preserve cash.

Other expenses incurred in Q1-2009 were office and administration expenses of \$10,060 (Q1-2008: \$2,839), travel, promotion and entertainment of \$3,042 (Q1-2008: \$nil), transfer agent, filing and regulatory fees of \$2,454 (Q1-2008: \$38,783) and amortization expense of \$1,549 (Q1-2008: \$2,635).

In Q1-2009 the Company received or accrued interest income of \$24,299 (Q1-2008: \$31,529).

In the quarter, the Company incurred acquisition costs of \$641,089 for an option payment in respect of Vizcachitas, paid in full during the quarter.

The Company also incurred \$753,257 in deferred exploration expenses, capitalized as mineral properties. Payments for deferred exploration in Q1-2009 were \$1,136,014, which include changes in account payables for deferred exploration during the quarter.

The breakdown of the expenses incurred in the quarter is as follows:

	\$
Automobile and travel	1,781
Assaying	(8,184)
Camp rehabilitation, maintenance and security	47,831
Core handling and storage	485
Drilling	175,629
Equipment rental	9,991
Exploration administration	32,649
Food and accommodation	8,969
Geological consulting	8,450
Property and surface rights, taxes and tenure fees	1,569
Studies and other consulting	407,870
Subcontractor	30,053
Supplies	36,164
	<u>753,257</u>

Deferred Exploration

The following paragraphs summarize the nature of the exploration undertaken on Vizcachitas during the quarter ended December 31, 2008. All exploration was supervised by Roger Moss, Ph.D., P.Geol., President of the Company and qualified person for the project under NI 43-101.

Project Description

The Vizcachitas Property covers a porphyry copper-molybdenum deposit that offers potential for a low strip, open pit operation in an area of low elevation with excellent infrastructure, including water and power in central Chile. The Vizcachitas deposit occurs in the same metallogenic belt as the large copper-molybdenum porphyries Rio Blanco-Los Bronces, Los Pelambres-El Pachon and El Teniente. Based on 35,255 metres of drilling in 130 diamond drill holes, the project contains an indicated resource of 515 million tonnes grading 0.39% copper and 0.011% molybdenum and an inferred resource of 572 million tonnes grading 0.34% copper and 0.012% molybdenum at a 0.30% copper equivalent cut-off. Additional information about the Vizcachitas project is available on the Company's website at www.losandescopper.com.

In response to the global financial crisis, the company made a decision to preserve capital and suspended the drilling program at Vizcachitas during the quarter ended December 31, 2008. In addition, the company successfully renegotiated the future option payments due on the Additional Concessions (see *Liquidity and Capital Resources*)

A total of 1,183.3 metres were drilled in four holes (LAV-139 to LAV-142) prior to the end of the program in early November. Highlights of results from these holes, and prior holes for which assays were received in the quarter, are shown in the table below.

Hole ID	Total Depth (m)	Inclination	Azimuth	From (m)	To (m)	interval (m)	CuT (%)	Mo (%)	Cu eq %*
LAV-121A	250	-80	110	76	250	174	0.39	0.008	na
including				160	246	86	0.53	0.011	0.61
				160	202	42	0.60	0.007	na
including				192	202	10	0.73	0.006	na
LAV-130	250	-90	0	53	250	197	0.35	0.005	na
including				53	194	141	0.37	0.004	na
including				53	82	29	0.41	0.003	na
LAV-132A	150	-75	290	62	150	88	0.22	0.001	na
LAV-133	250	-65	110	69	250	181	0.12	0.003	na
LAV-134A	250	-70	290	nsv					
LAV-135A	249	-75	290	28.7	249	220.3	0.27	0.006	na
including				28.7	108	79.3	0.36	0.004	na
including				28.7	72	43.3	0.40	0.004	na
LAV-136	200	-70	290	nsv					
LAV-137	250	-70	290	9	250	241	0.18	0.002	na
including				9	28	19	0.40	0.001	na
LAV-138	352	-70	290	75.85	352	273.15	0.33	0.011	0.40
including				78.85	224	145.15	0.40	0.010	0.47
including				100	126	26	0.55	0.012	0.63
LAV-139	351	-80	285	68	351	283	0.28	0.018	0.40
including				210	351	141	0.37	0.018	0.49
including				210	272	62	0.45	0.018	0.57
including				210	222	12	0.53	0.011	0.60
and				332	351	19	0.41	0.028	0.60
LAV-140	401.6	-70	285	23	401.6	378.6	0.32	0.004	na
including				40	100	60	0.38	0.005	na
and				222	294	72	0.46	0.006	na
including				222	270	48	0.50	0.006	na
and				334	352	18	0.40	0.004	na
LAV-141	435	-65	285	31.2	435	403.8	0.30	0.007	na
including				34	140	106	0.36	0.011	0.43
including				100	140	40	0.44	0.008	na
and				198	272	74	0.38	0.009	na
and				348	424	76	0.35	0.002	na
LAV-142	218	-70	285	nsv					

(¹ Copper equivalent is calculated for Mo values greater than 0.01% using US\$1.50/lb Cu and US\$10.00/lb Mo according to the formula $Cu\ eq\ \% = Cu\ \% + (Mo\ \% \times 10.00/1.50)$ and is not adjusted for metallurgical recoveries or net smelter return which remain uncertain and are assumed to be 100%).

Future work on the Vizcachitas project is expected to consist of metallurgical testing, geotechnical test work, an environmental baseline study and the completion of the scoping study. These studies, which are generally lower cost than drilling, will enable advancement of the project during this period of fiscal restraint.

Summary of Quarterly Results

	QUARTERS ENDED			
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
Loss	\$ (524,399)	\$ (2,335,437)	\$ (320,710)	\$ (99,080)
Loss Per Share ⁽¹⁾	(0.01)	(0.03)	-	-
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Earnings (Loss)	\$ (1,104,694)	\$ 1,060,876 ²	\$ (928,508)	\$ (237,111)
Earnings (Loss) Per Share ⁽¹⁾	(0.02)	0.04	(0.02)	(0.01)

¹ Presented on an undiluted basis

² Adjusted from a loss of \$2,417,493 to reflect an adjustment of \$3,478,369 to the Company's future income tax provision.

Liquidity and Capital Resources

As at December 31, 2008 the Company had cash and cash equivalents of \$4,149,908 and working capital of \$2,523,459, compared to cash of \$6,178,461 and working capital of \$4,449,279 at September 30, 2008.

During the quarter ended December 31, 2008 and in light of the current global financial crisis, the Company restructured some of its contractual commitments, significantly reduced its development program in Vizcachitas and rationalized administrative expenses in an effort to preserve capital.

There were no share transactions during the quarter ended December 31, 2008.

In the year ended September 30, 2008, the Company closed two private placements and a brokered placement for gross proceeds of \$15,500,000.

In connection with the private placements, the Company issued 31,000,000 units. For the two private placements 16,000,000 units were issued at a price of \$0.50 per unit. Each unit consisted of one common share and one-half of one share purchase warrant; each warrant entitled the holder to acquire one additional common share of the Company at a price of \$0.75 until November 24, 2008 (7,500,000 warrants) and January 12, 2009 (500,000 warrants). These warrants expired unexercised. The Company paid aggregate finders' fees of \$340,025 in connection with these placements.

For the brokered placement, the Company issued 15,000,000 units at a price of \$0.50 per unit. Each unit consisted of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.70 until August 21, 2009. A total of 8,830,000 units were sold pursuant to the brokered portion of the private placement, and 6,170,000 units were sold pursuant to the non-brokered portion of the private placement. In connection with the brokered portion of the private placement, Los Andes paid Agents' commissions totaling \$286,975, a corporate finance fee of \$20,000, and issued a total of 350,000 Agents' warrants. Each of the Agents' warrants entitles the holder to acquire one additional common share of the Company at a price of \$0.55 until August 21, 2009. In connection with a portion of the non-brokered portion of the private placement, Los Andes paid aggregate finder's fees of \$116,325.

The Company used cash of \$1,981,822 in Q1-2009 in investing activities, namely \$1,136,014 for deferred exploration costs (including the effect of changes in accounts payable for deferred exploration in the period) and \$641,089 in property acquisition costs. Also included in investing activities is \$204,719 for VAT tax credits which are not classified as current assets as they will be recoverable in the long-term only.

The \$641,089 for property acquisitions in Q1-2009 is for option payments pursuant to a September 21, 2005 agreement, amended on November 28, 2008, which provides the Company with an option to acquire a 100% interest in the Additional Concessions. The remaining payments under the agreement are as follows:

US\$	400,000	May 31, 2009
	400,000	November 30, 2009
	400,000	May 31, 2010
	<u>650,000</u>	November 30, 2010
US\$	1,850,000	

During the year ended September 30, 2008 the Company completed the acquisition of a 250 litres per second (lps) water right, which is an entitlement to permanent, continuous, consumptive use of 250 lps of flow from the Aconcagua River located near Vizcachitas. Under the terms of the agreement, the Company agreed to pay the vendor US\$17,000 per lps, for a total purchase price of \$4,252,021 (US\$4,250,000). Payments for the water rights were structured with the vendor as to 50% or US\$2,125,000 on closing (paid), 25% or US\$1,062,500 due in January 2009 (paid) and the final 25% or US\$1,062,500 due in January 2010.

The Company has recorded a \$4,133,870 future income tax liability in compliance with Canadian GAAP to account for the potential tax effect derived from the excess carrying cost of the Company's mineral properties, as compared to the properties' tax basis. The future income tax liability does not represent an amount currently due by the Company to tax authorities in Canada or Chile.

Los Andes relies on the issuance of share capital to fund operations. There can be no assurance that Los Andes will be able to obtain required financing in the future on acceptable terms to fund anticipated mineral development costs and operating losses in upcoming periods. General financial market conditions will have an impact on Los Andes' ability to raise funds in the future.

Transactions with Related Parties

During the quarter ended December 31, 2008, the Company paid or accrued \$29,725 in management fees (Quarter ended December 31, 2007: \$38,700), \$7,500 in directors' fees (Quarter ended December 31, 2007: \$nil), \$8,450 in geological consulting fees (Quarter ended December 31, 2007: \$18,525) and \$7,597 in legal fees (Quarter ended December 31, 2007: \$18,725) to companies related to directors and officers of the Company.

Included in the accounts payable and accrued liabilities balance at December 31, 2008 are \$3,782 due to officers and directors of the Company (December 31, 2007: \$20,665).

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.

Contingencies

During 2008 the Municipality of Putaendo in Chile filed a claim against CMV for alleged illegal intervention of river beds of the Rocin river. The claim was accepted by the Chilean General Department of Waters ("DGA") who ruled in favour of the Municipality of Putaendo and ordered CMV to correct the natural course of the river. CMV retained Chilean legal counsel and filed a reconsideration remedy before the DGA. Final decision by the DGA is pending.

A second claim for alleged illegal intervention of water rights was filed by the Municipality of Putaendo against CMV. CMV, through its Chilean legal counsel has filed an answer to the claim. The DGA decision on this second claim is pending.

No amounts have been recorded by the Company in respect of these matters as the amounts, if any, are not determinable.

Subsequent Events

Subsequent to December 31, 2008:

- a) A total of 500,000 warrants expired unexercised. The warrants had an exercise price of \$0.75 per share and a one-year term to January 12, 2009.
- b) The Company made a payment for US\$1,062,500 in connection with the purchase of the water rights described in *Liquidity and Capital Resources*.

Critical Accounting Estimates

There were no changes to the Company's critical accounting estimates during the quarter ended December 31, 2008. The most significant estimates are related to the physical and economic lives of mineral assets, and their recoverability.

Changes in Accounting Policies, Including Initial Adoption

Effective October 1, 2008 the Company adopted the following new accounting standards:

Goodwill and intangible assets

In February 2008, the CICA issued Handbook section 3064 "Goodwill and intangible assets" which is required to be adopted for fiscal year-ends beginning on or after October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of Goodwill subsequent to its initial recognition and of intangible assets by profit orientated enterprises. The Company does not expect that the adoption of this new section will have any material impact on its financial statement.

Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, The Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB's strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the change of the date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transitional date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. The Company does not anticipate that the adoption of IFRS will have a significant impact on the Company's financial statements.

Internal Controls over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Due to its limited size and resources and the nature of its operations, the Company faces inherent limitations with regards to internal controls in general, including internal controls over financial reporting. These limitations include a lack of segregation of duties and the potential for management override of controls.

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

Other MD&A Requirements

As of February 26, 2009, the Company has outstanding 93,599,266 common shares, 19,250,000 exercisable warrants (at prices ranging from \$0.55 to \$1.00 per share) and 4,850,000 exercisable stock options (at exercise prices ranging from \$0.40 to \$0.62).

Additional information is available on the Company's website at www.losandescope.com. To view the public documents of the Corporation, please visit the Corporation's profile on the SEDAR website at www.sedar.com.

Cautionary Statement on Forward Looking Information

This Report contains "forward looking statements". These forward looking statements include, but are not limited to, statements regarding the Company's strategic plans, property search and evaluation plans, estimated levels of expenditures, acquisition targets and commitments. Forward-looking statements express, as at the date of this Report, The Company's plans, estimates, forecasts, projections, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or does not expect", "is expected", "budget", "schedule", "estimates", "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward – looking statements include, but are not limited to the success of the Company's acquisition criteria, the success in completing further financing and closing on any target acquisitions, currency fluctuations, the ability of the Company to conduct its business in Chile, risks inherent with the mining industry, unexpected regulatory changes, delays in the completion of critical activities and other risks inherent to the Company's activities.