



LOS ANDES COPPER Ltd.

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LOS ANDES COPPER LTD.

**CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 and 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 consolidated balance sheets of Los Andes Copper Ltd. as at September 30, 2008 and 2007 and the consolidated statements of operations and deficit, comprehensive loss 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 consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2008 and 2007 and the results of its operations, comprehensive loss and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"De Visser Gray LLP"

CHARTERED ACCOUNTANTS
Vancouver, Canada

January 15, 2009

LOS ANDES COPPER LTD.
CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30,

	2008	2007 Restated (Note 18)
ASSETS		
Current		
Cash and cash equivalents	\$ 6,178,461	\$ 1,272,361
Receivables	27,379	311,772
Prepaid expenses	47,392	21,338
	<u>6,253,232</u>	<u>1,605,471</u>
VAT tax credits (Note 2)	1,159,755	249,673
Mineral properties (Notes 5, 7 and 8)	33,353,722	22,781,183
Equipment (Note 6)	22,360	-
	<u>\$ 40,789,069</u>	<u>\$ 24,636,327</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 8)	\$ 700,823	\$ 666,266
Outstanding water rights payment (Note 7)	1,103,130	-
	<u>1,803,953</u>	<u>666,266</u>
Outstanding water rights payment (Note 7)	1,103,130	-
Future income tax liability (Note 12)	4,133,870	2,181,101
	<u>7,040,953</u>	<u>2,847,367</u>
Shareholders' equity		
Capital stock (Note 9)	42,057,780	27,372,188
Value assigned to stock options and agents' warrants (Note 9)	2,266,523	1,133,038
Deficit	(10,531,867)	(6,671,946)
Accumulated other comprehensive loss	(44,320)	(44,320)
	<u>33,748,116</u>	<u>21,788,960</u>
	<u>\$ 40,789,069</u>	<u>\$ 24,636,327</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 17)

On behalf of the Board:

“Donald Siemens”

Director

“Francis O’Kelly”

Director

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

LOS ANDES COPPER LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
YEARS ENDED SEPTEMBER 30,

	2008	2007 Restated (Note 18)
EXPENSES		
Amortization	7,284	315
Consulting, salaries and management fees (Note 8)	331,696	176,498
Interest expense	1,235	303
Office and administration	30,097	18,427
Professional fees (Note 8)	191,423	215,591
Shareholder communications	70,758	23,006
Stock-based compensation expense	1,105,590	903,130
Transfer agent, filing and regulatory fees	95,917	87,180
Travel, promotion and entertainment	28,436	34,701
Loss before other items and discontinued operations	(1,862,436)	(1,459,151)
OTHER ITEMS		
Foreign exchange expense	(159,038)	(63,127)
Interest income	114,322	44,201
Loss before income tax and discontinued operations	(1,907,152)	(1,478,077)
Future income tax (expense) recovery (Note 12)	(1,952,769)	1,276,926
Loss for the year from continuing operations	(3,859,921)	(201,151)
Loss from discontinued operations, net of tax (Note 13)	-	(665,723)
Loss for the year	(3,859,921)	(866,874)
Other comprehensive income	-	122,315
Comprehensive loss	\$ (3,859,921)	\$ (744,559)
Basic and diluted loss per share before discontinued operations (Note 2)	\$ (0.05)	\$ -
Basic and diluted loss per share after discontinued operations (Note 2)	\$ (0.05)	\$ (0.02)
Weighted average number of shares outstanding	77,700,359	44,555,287

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

LOS ANDES COPPER LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30,

	2008	2007 Restated (Note 18)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year from continuing operations	\$ (3,859,921)	\$ (201,151)
Items not affecting cash:		
Amortization	7,284	315
Future income tax expense (recovery)	1,952,769	(1,276,926)
Stock-based compensation	1,105,590	903,130
Unrealized foreign exchange expense	57,906	-
Change in non-cash working capital items:		
Receivables	284,393	627,952
Prepaid expenses	(26,054)	(20,188)
Accounts payable and accrued liabilities	39,657	86,724
Net cash provided by (used in) operating activities	<u>(438,376)</u>	<u>119,856</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares for cash, net of share issue costs	<u>14,713,487</u>	<u>14,095,100</u>
Net cash provided by financing activities	<u>14,713,487</u>	<u>14,095,100</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	(1,001,037)	(12,767,935)
Water rights	(2,103,667)	-
Deferred exploration costs	(5,324,581)	(1,382,651)
Purchase of equipment	(29,644)	-
VAT tax credits	(910,082)	(249,673)
Net cash used in investing activities	<u>(9,369,011)</u>	<u>(14,400,259)</u>
Cash flows from continuing operations	4,906,100	(185,303)
Cash flows from discontinued operations	<u>-</u>	<u>(2,716,246)</u>
Change in cash for the year	4,906,100	(2,901,549)
Cash and cash equivalents, beginning of year	<u>1,272,361</u>	<u>4,173,910</u>
Cash and cash equivalents, end of year	<u>\$ 6,178,461</u>	<u>\$ 1,272,361</u>

Supplementary cash flow information (Note 14)

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

LOS ANDES COPPER LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	Common shares					
	No. of shares	Amount	Deficit	Value assigned to stock options and agent's warrants	Accumulated Other Comprehensive Income	Shareholders' Equity
		(\$)	(\$)	(\$)	(\$)	(\$)
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	11,170,569	-	-	-	11,170,569
Finders' fees on private placement	1,382,383	829,431	-	-	-	829,431
Acquisition of mineral properties	6,280,000	3,768,000	-	-	-	3,768,000
Finders' fees on acquisition of mineral property	1,500,000	900,000	-	-	-	900,000
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	122,315
Net loss for the year	-	-	(866,874)	-	-	(866,874)
Balance – September 30, 2007 (Restated) (Note 18)	62,599,266	27,372,188	(6,671,946)	1,133,038	(44,320)	21,788,960
Issuance of shares -						
Private and brokered placements	31,000,000	14,685,592	-	-	-	14,685,592
Agent's warrants	-	-	-	27,895	-	27,895
Options granted	-	-	-	1,105,590	-	1,105,590
Net loss for the year	-	-	(3,859,921)	-	-	(3,859,921)
Balance – September 30, 2008	93,599,266	42,057,780	(10,531,867)	2,266,523	(44,320)	33,748,116

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

LOS ANDES COPPER LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 and 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 was purchased directly 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. Adverse conditions may cast substantial doubt upon the validity of this assumption. In the event the Company is unable to raise adequate financing or meet its current and contractual obligations, the carrying value of the Company's assets could be subject to material adjustments. The accompanying financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

	2008	2007
Net working capital	\$ 4,449,279	\$ 939,205
Cumulative operating deficit	(10,531,867)	(6,671,946)

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 4). All significant inter-company transactions and balances have been eliminated. In the opinion of management, all of the adjustments necessary to fairly present the consolidated financial statements set forth herein have been made.

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...)

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid investments with maturities of three months or less when purchased or which are readily convertible into known amounts of cash. Interest earned is recognized immediately in operations.

VAT 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 by project using the units of production method and 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, 2008, the Company does not have any asset retirement obligations.

Equipment

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

Machinery and equipment	20% straight-line
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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.

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

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 for options granted to officers and directors and as services are rendered for options granted to consultants.

Transaction costs

The Company recognizes transaction costs incurred in connection with issuance of capital as share issuance costs which are netted against gross proceeds from related transactions rather than being expensed as incurred. Transaction costs for assets and liabilities classified as held for trading are expensed as incurred.

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 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.

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. In the Company's case, basic and diluted loss per share are the same as the effect of outstanding stock options and warrants is antidilutive.

Comparative figures

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

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING PRONOUNCEMENTS

Effective October 1, 2007 the Company adopted the following new accounting standards:

Section 1400 - Assessing Going Concern

CICA Handbook Section 1400, as amended, changed the guidance related to management's responsibility to assess the ability of an entity to continue as a going concern. Management is required to make an assessment of the Company's ability to continue as a going concern, taking into account all information available for at least, but not limited to 12 months from the balance sheet date. Disclosure is required of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. The adoption of this standard had no impact on the Company's presentation of its financial position or consolidated results of operations as at September 30, 2008 and the year then ended.

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Disclosure is presented in Note 11.

Section 3862 – Financial Instruments – Disclosures

This Section requires additional disclosures to enable users of the Company's financial statements to evaluate the significance of financial instruments to the Company's financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from the Company's financial instruments. Disclosure is presented in Note 10.

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.

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.

4. 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:

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

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).

During the Company's most recent financial year, three of the exploration claims comprising a portion of the Mining Rights expired. The expired claims were originally filed as protection of other claims forming part of the Mining Rights, and actually overlap those claims. Also during the year, a new exploration claim was staked; 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. In the most recent financial year one of the claims in the option agreement was overridden by one of CMV's exploitation claims.

All the Concessions, with the exception of the SJ Concession, 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 Company owns an indirect 51% majority interest in San José SLM, a Chilean Sociedad Legal Minera ("SLM"). 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 49% minority interest in 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 entitles the holder to acquire one additional share of the Company for a period of three years to February 7, 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.

LOS ANDES COPPER LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 and 2007

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

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 Vizcachitas 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.

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-V.

5. MINERAL PROPERTIES

As at September 30, 2008, 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.

LOS ANDES COPPER LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 and 2007

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

	Total costs to Sept. 30, 2006	Costs incurred in year ended Sept. 30, 2007	Disposition of subsidiary	Total costs to Sept. 30, 2007	Costs incurred in year ended Sept. 30, 2008	Total costs to Sept. 30, 2008
VIZCACHITAS						
Acquisition costs	\$ -	\$ 20,893,962	-	\$ 20,893,962	\$1,001,037	\$ 21,894,999
Water rights	-	-	-	-	4,252,021	4,252,021
Deferred exploration						
Automobile and travel	-	17,022	-	17,022	34,957	51,979
Assaying	-	13,956	-	13,956	121,313	135,269
Camp rehabilitation, maintenance & security	-	94,653	-	94,653	190,619	285,272
Core handling & storage	-	17,596	-	17,596	6,829	24,425
Drilling	-	910,247	-	910,247	2,500,511	3,410,758
Equipment and equipment rental	-	119,303	-	119,303	299,321	418,624
Exploration administration	-	61,132	-	61,132	101,554	162,686
Food & accommodation	-	62,748	-	62,748	204,825	267,573
Geological consulting	-	41,913	-	41,913	79,411	121,324
Other	-	37,998	-	37,998	(28,352)	9,646
Property & surface rights, taxes & tenure fees	-	46,340	-	46,340	80,650	126,990
Studies and other consulting	-	33,458	-	33,458	381,300	414,758
Subcontractors	-	280,263	-	280,263	998,896	1,279,159
Supplies	-	150,592	-	150,592	347,647	498,239
	-	1,887,221	-	1,887,221	5,319,481	7,206,702
	-	22,781,183	-	22,781,183	10,572,539	33,353,722
YUNNAN YUNTONG	23,329	-	(23,329)	-	-	-
Total mineral properties	\$ 23,329	\$ 22,781,183	(23,329)	\$ 22,781,183	\$10,572,539	\$ 33,353,722

As per an agreement dated September 21, 2005, the Company was committed to making the payments outlined below in connection with an option to acquire a 100% interest in the Additional Concessions (Note 4, item 3 – Additional Concessions):

US\$ 700,000	November 30, 2008
700,000	May 31, 2009
<u>800,000</u>	November 30, 2009
<u>US\$ 2,200,000</u>	

The terms of the agreement were amended subsequent to September 30, 2008 (Note 16).

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 expenses and cash flows associated with the Tun operations and the effects of the disposition of Tun in the fiscal year ended September 30, 2007 are categorized as discontinued operations (Note 13).

6. EQUIPMENT

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Machinery and equipment	\$ 29,644	\$7,284	\$ 22,360	\$ -	\$ -	\$ -
	\$ 29,644	\$7,284	\$ 22,360	\$ -	\$ -	\$ -

7. WATER RIGHTS

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 and the final 25% or US\$1,062,500 due in January 2010.

8. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2008, the Company paid or accrued \$165,113 in management fees (2007: \$79,513), \$38,584 in directors' fees (2007: \$nil), \$54,113 in geological consulting fees (2007: \$41,113) and \$42,800 in legal fees (2007: \$24,075) to companies related to directors and officers of the Company.

Included in the accounts payable and accrued liabilities balance at September 30, 2008 is \$14,658 due to officers and directors of the Company (2007: \$14,363).

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.

9. CAPITAL STOCK AND VALUE ASSIGNED TO STOCK OPTIONS AND AGENTS' WARRANTS

Authorized – unlimited common shares without par value.

During the year ended September 30, 2008, the Company:

- (a) 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 entitled 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.
- (b) Completed a 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 entitled 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.
- (c) Completed a \$7,500,000 private placement. In connection with the 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 non-transferable 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 totalling \$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. All securities issued in connection with the placement are subject to a four month hold period expiring December 22, 2008.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. CAPITAL STOCK AND VALUE ASSIGNED TO STOCK OPTIONS AND AGENTS' WARRANTS
(cont'd...)

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 4).
- (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.

Value assigned to stock options

Value assigned to stock options 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 options granted during the years ended September 30, 2008 and 2007:

	2008	2007
Risk-free interest rate	3.04 – 3.71%	4.21 – 4.30%
Expected life of options	5 years	5 years
Annualized volatility	96.42 – 99.09%	91.85 – 94.96%
Dividend rate	0.00%	0.00%

During the year ended September 30, 2008, the Company recorded a stock-based compensation expense of \$1,105,590 offset to Value assigned to stock options, for grants in the aggregate amount of 2,800,000 options to directors, officers and consultants of the Company.

During the year ended September 30, 2007, the Company recorded a stock-based compensation expense of \$903,130 offset to Value assigned to stock options, 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 and must be a minimum of \$0.10 per share.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 and 2007

9. CAPITAL STOCK AND VALUE ASSIGNED TO STOCK OPTIONS AND AGENTS' WARRANTS
(cont'd...)

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

	Number of Options	Weighted Average Exercise Price
Outstanding, September 30, 2006	770,000	\$ 0.25
Granted	2,050,000	0.60
Expired	<u>(770,000)</u>	0.25
Outstanding, September 30, 2007	2,050,000	\$ 0.60
Granted	<u>2,800,000</u>	0.52
Balance, September 30, 2008	<u>4,850,000</u>	0.55
Exercisable, September 30, 2008	<u>4,850,000</u>	\$ 0.55

At September 30, 2008, the following stock options were outstanding and exercisable:

Number of Options	Exercise Price	Expiry Date
2,000,000	\$0.60	May 10, 2012
50,000	\$0.40	August 28, 2012
2,550,000	\$0.51	November 30, 2012.
<u>250,000</u>	\$0.62	April 30, 2013
<u>4,850,000</u>		

At September 30, 2008, the weighted average contractual life remaining of the options was 3.96 years and their weighted average exercise price was \$0.55 per share.

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2006	10,670,000	0.20
Issued	25,282,383	1.00
Exercised	<u>(10,670,000)</u>	0.20
Balance, September 30, 2007	25,282,383	1.00
Issued	23,350,000	0.71
Expired	<u>(21,382,383)</u>	1.00
Balance, September 30, 2008	<u>27,250,000</u>	0.76

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. CAPITAL STOCK AND VALUE ASSIGNED TO STOCK OPTIONS AND AGENTS' WARRANTS
(cont'd...)

At September 30, 2008, the following warrants were outstanding:

Number of Shares	Exercise Price	Expiry Date
7,500,000	\$0.75	November 24, 2008
500,000	\$0.75	January 12, 2009
15,000,000	\$0.70	August 21, 2009
350,000	\$0.55	August 21, 2009
<u>3,900,000</u>	<u>\$1.00</u>	<u>February 7, 2010</u>
27,250,000		

Subsequent to September 30, 2008, an aggregate of 8,000,000 warrants expired unexercised (Note 16).

10. ACCOUNTING FOR FINANCIAL INSTRUMENTS

Fair Values

The Company's financial instruments include cash, accounts receivable, accounts payable, accrued liabilities and amounts due for water rights. The fair value of these financial instruments equals their carrying value, due to the short-term nature of these instruments. Financial instruments are classified as "held for trading" for accounting purposes.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. Cash deposits are maintained with a financial institution of reputable credit and are redeemable on demand. Accounts receivable consist of Input Tax Credits owed to the Company by the Government of Canada and interest accrued on cash equivalents. Accordingly, the Company's opinion is that credit risk is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or will engage in negotiations to extend terms with debtors. The Company manages liquidity by continuously monitoring and forecasting cash flows.

Foreign Exchange Risk

The Company faces certain foreign risk as most of its expenses are deferred exploration expenses incurred in Chile and the Chilean peso may appreciate or depreciate against the Canadian dollar, the Company's reporting currency. It also has exposure risk with respect to amounts due for option payments (Note 5) and water rights (Note 7), as these amounts are owed in US dollars. In recent quarters the fluctuations between the Chilean peso and the US dollar had not warranted the Company to actively manage its foreign exchange risk. Notwithstanding, the Company continuously monitor this exposure to determine if any mitigation strategies become necessary.

Interest Rate Risk

Included in the results of operation of the Company is interest income on Canadian Dollar cash. Interest income is not material to the Company. The Company has no outstanding debt subject to interest. Accordingly the Company's opinion is that there currently is no interest rate risk for the Company.

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11. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return on investment to shareholders and to the extent possible, maintain a flexible capital structure which optimizes the cost of capital at acceptable risk.

There were no changes to the Company's approach to capital management during the year ended September 30, 2008.

The Company is not subject to externally imposed capital requirements.

12. INCOME TAXES

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

	2008	2007
Loss for the year before income taxes	\$ (1,907,152)	\$ (1,478,077)
Expected income tax (recovery)	\$ (577,393)	\$ (501,490)
Non-deductible expenses	249,056	559,764
Application of net capital losses	-	(108,172)
Unrecognized benefit of non-capital losses	328,337	49,898
	-	-
Adjustment of future income tax liability to actual	(1,952,769)	1,276,926
Total income tax (expense) recovery	\$ (1,952,769)	\$ 1,276,926

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

	2008	2007
Future income tax assets:		
Non-capital loss available for future periods	\$ 760,500	\$ 728,206
Share issue costs	143,086	256,609
Capital loss available	313,542	357,136
Plant and equipment	(3,800)	-
Resource properties	(5,347,198)	(3,523,052)
Net future tax liability	\$ (4,133,870)	\$ (2,181,101)

The Company has Canadian and Chilean non-capital losses of approximately \$2,653,000 (2007: \$1,966,000) and \$416,000 (2007: \$340,000) respectively which may be carried forward and applied against taxable income in future years.

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

The Canadian losses, if not utilized, will expire in the years presented below:

	\$
2008	176,000
2009	142,000
2010	176,000
2011	237,000
2012	181,000
2016	278,000
2027	458,000
2028	<u>1,005,000</u>
	<u>2,653,000</u>

The Chilean losses can be carried forward indefinitely.

Subject to certain restrictions, the Company also has Canadian mineral property expenditures of approximately \$1,371,000 (2007: \$1,052,000) available to reduce taxable income in future years.

13. DISCONTINUED OPERATIONS

On January 1, 2007, the Company entered into an agreement to sell all of the outstanding shares of Tun, through which the Company conducted its former Chinese operations.

Consideration on closing was \$1,000,000 and the assumption by the purchaser of liabilities of the Company in the aggregate amount of \$473,412. The Company recorded a gain of \$634,442 on disposition of these properties, which is a component of the loss from discontinued operations in the year ended September 30, 2007.

The net loss from the Chinese discontinued operations in the year ended September 30, 2007 was \$665,723. The results from discontinued operations consisted of the following:

	2008	2007
Revenue	\$ -	\$ -
Cost of sales	-	640,564
Expenses	-	48,823
Other items	-	610,778
Gain on sale of subsidiary	-	(634,442)
Earnings/(loss) from discontinued operations, net of cash	<u>\$ -</u>	<u>\$ (665,723)</u>

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14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2008	2007
Cash received during the year for interest	\$ 94,248	\$ 44,201
Cash paid during the year for interest	\$ 1,235	\$ 303

Cash and cash equivalents consist of:

	September 30, 2008	September 30, 2007
Cash	\$ 228,461	\$1,272,361
Cash equivalents	5,970,074	-
	<u>\$ 6,198,535</u>	<u>\$ 1,272,361</u>

Cash equivalents consist solely of a Guaranteed Investment Certificate which pays interest at a rate of 3.1% per annum. The GIC can be converted into cash at any time at the option of the Company.

The significant non-cash transactions during the year ended September 30, 2008 were as follows:

- a) The Company issued 350,000 warrants valued at \$27,535 as finders' fees in connection with a private placement (Note 9).
- b) At September 30, 2008, net exploration costs included in accounts payable and accrued liabilities were \$499,470.
- c) The Company recorded stock-based compensation of \$1,105,590, calculated using the Black-Scholes pricing model.

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 4 and Note 9).
- 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 4 and Note 9).
- c) The Company issued 1,382,383 shares valued at \$829,430 as finders' fees in connection with a private placement (Note 9).
- 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 calculated using the Black-Scholes option pricing model.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. 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

	2008	2007
Loss for the year		
Canada	\$(1,750,499)	\$(1,463,256)
Chile	(2,109,422)	1,262,105
China	-	(665,723)
	<u>\$(3,859,921)</u>	<u>\$ (866,874)</u>
Assets		
Canada	\$ 6,053,965	\$ 1,476,665
Chile	\$ 34,735,104	\$ 23,159,662
	<u>\$ 40,789,069</u>	<u>\$ 24,636,327</u>

16. CONTINGENCIES

During 2008 the Municipality of Putaendo in Chile filed a claim against CMV for alleged illegal intervention of river beds that would have been made to the natural course of the Rocin river by CMV. The claim was accepted by the Chilean General Department of Waters ("DGA") who resolved on this matter subsequent to year end (Note 17). No amount has been recorded by the Company in respect of this matter as the amount, if any, is not determinable.

17. SUBSEQUENT EVENTS

Subsequent to September 30, 2008:

- a) A total of 7,500,000 warrants expired unexercised. The warrants had an exercise price of \$0.75 per share and a one-year term to November 24, 2008.
- b) A further 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.
- c) The Company entered into an Agreement that provides for deferrals and adjustments to the remaining option payments described in Note 5.

The remaining payments of US\$2,200,000 were originally scheduled as to US\$700,000 due on November 30, 2008, US\$700,000 due on May 31, 2009 and US\$800,000 due on November 30, 2009.

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SEPTEMBER 30, 2008 and 2007

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

The Agreement provides for revised payments of US\$2,350,000 as to US\$500,000 due on December 8, 2008 (paid), US\$400,000 due on May 31, 2009, US\$400,000 due on November 30, 2009, US\$400,000 due on May 31, 2010 and US\$650,000 due on November 30, 2010.

- d) In connection with the contingency described in Note 16, the DGA 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.
- e) 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.

18. RESTATEMENT OF FINANCIAL STATEMENTS

During 2008 the Company undertook a review of previously issued financial statements for the year ended September 30, 2007. As a result of the items arising from this review the Company determined that the following amendments should be reflected in a set of restated financial statements for the year ended September 30, 2007:

- a) The Company proceeded to reclassify a gain of \$634,442 resulting from the sale of a subsidiary corporation (Note 13) from within Other Items to a component of Loss from Discontinued Operations. Other Items are a component of the Loss from Continuing Operations. As a result of this reclassification, the Company's Loss for the year from Continuing Operations increased by \$634,442 and the Loss from Discontinued Operations decreased in the same amount. This reclassification had no effect on Net Loss or Net Cash Flow in the year ended September 30, 2007, nor on the Company's Balance Sheet as at September 30, 2007.
- b) The Company revised the tax rate used for the calculation of the future income tax provision. As a result of the change in tax rate, the income tax provision for the year ended September 30, 2007 was reduced by \$3,478,369 and the future income tax expense recorded in the year changed from a provision of \$2,201,443 to a recovery of \$1,276,926. This change resulted in a reduction in the Comprehensive Loss recorded by the Company for the year ended September 30, 2007 from \$4,345,243 to \$744,559 and a reduction in Loss per Share for the year from \$0.10 per share to \$0.02 per share. In the Company's Balance Sheet, the change resulted in a reduced future income tax liability as at September 30, 2007 from \$5,659,470 to \$2,181,101 and a change in Deficit from \$10,150,315 to \$6,671,946. The change had no effect in the Company's net cash flow for the year ended September 30, 2007.

The effect of the above changes on the Company's restated financial statements is summarized as:

Balance sheet – September 30, 2007	Reference	As previously reported	Adjustment	As restated
Future income tax liability	(b)	\$5,659,470	(\$3,478,369)	\$2,181,101
Deficit	(b)	10,150,315	(3,478,369)	6,671,946

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. RESTATEMENT OF FINANCIAL STATEMENTS (cont'd...)

Statement of Operations & Comprehensive Loss	Reference	As previously reported	Adjustment	As restated
Gain on sale of subsidiary corporation	(a)	\$634,442	(\$634,442)	\$ -
Loss before income tax and discontinued operations	(a)	(843,635)	(634,442)	(1,478,077)
Future income tax (expense) recovery	(b)	(2,201,443)	3,478,369	1,276,926
Loss for the year from continuing operations	(a) and (b)	(3,045,078)	2,843,927	(201,151)
Loss from discontinued operations	(a)	(1,300,165)	634,442	(665,723)
Loss for the year	(b)	(4,345,243)	3,478,369	(866,874)
Comprehensive loss	(b)	(4,222,928)	3,478,369	(744,559)
Loss per share before discontinued operations	(a) and (b)	(0.07)	0.07	-
Loss per share after discontinued operations	(b)	(0.10)	0.08	(0.02)
Statement of Cash Flows	Reference	As previously reported	Adjustment	As restated
Cash provided by (used in) operating activities	(a) and (b)	(\$263,510)	\$383,366	\$119,856
Cash flow from continuing operations	(a) and (b)	(119,745)	(65,558)	(185,303)
Cash flow from discontinued operations	(a)	(2,781,804)	65,558	(2,716,246)
Statement of Shareholders' Equity	Reference	As previously reported	Adjustment	As restated
Net loss for the year	(b)	(\$4,222,928)	\$3,356,054	(\$866,874)