



LOS ANDES COPPER Ltd.

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LOS ANDES COPPER LTD.

**CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
UNAUDITED**

LOS ANDES COPPER LTD.
CONSOLIDATED BALANCE SHEETS
UNAUDITED

	March 31, 2009	September 30, 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 2,361,119	\$ 6,178,461
Receivables	34,110	27,379
Prepaid expenses	1,866	47,392
	<u>2,397,095</u>	<u>6,253,232</u>
VAT tax credits (Note 2)	1,514,530	1,159,755
Mineral properties (Notes 4, 5, 6 and 7)	34,911,676	33,353,722
Equipment	<u>19,120</u>	<u>22,360</u>
	<u>\$ 38,842,421</u>	<u>\$ 40,789,069</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 6)	\$ 151,757	\$ 700,823
Outstanding water rights payment (Note 7)	1,327,700	1,103,130
	<u>1,479,457</u>	<u>1,803,953</u>
Outstanding water rights payment (Note 7)	-	1,103,130
Future income tax liability	<u>4,133,870</u>	<u>4,133,870</u>
	<u>5,613,327</u>	<u>7,040,953</u>
Shareholders' equity		
Capital stock (Note 8)	42,057,780	42,057,780
Value assigned to stock options and agents' warrants (Note 8)	2,266,523	2,266,523
Deficit	(11,050,889)	(10,531,867)
Accumulated other comprehensive loss	<u>(44,320)</u>	<u>(44,320)</u>
	<u>33,229,094</u>	<u>33,748,116</u>
	<u>\$ 38,842,421</u>	<u>\$ 40,789,069</u>

Nature and continuance of operations and going concern (Note 1)

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
UNAUDITED

	Three months ended		Six months ended	
	March 31,		March 31,	
	2009	2008	2009	2008
EXPENSES				
Amortization	1,691	1,550	3,240	4,185
Consulting and management fees (Note 6)	52,538	71,302	106,763	189,891
Office and administration	2,533	4,710	12,593	7,549
Professional fees (Note 6)	5,229	37,696	78,814	70,773
Shareholder communications	6,211	15,304	70,459	37,021
Stock-based compensation expense	-	-	-	914,164
Transfer agent, filing and regulatory fees	9,947	18,327	12,401	57,110
Travel, promotion and entertainment	6,358	14,092	9,400	14,092
Loss before other items	(84,507)	(162,981)	(293,670)	(1,294,785)
OTHER ITEMS				
Foreign exchange gain (loss)	76,933	19,434	(262,602)	15,015
Interest income	12,951	44,467	37,250	75,996
Earnings (loss) and comprehensive earnings (loss) for the period	\$ 5,377	\$ (99,080)	\$ (519,022)	\$ (1,203,774)
Basic and diluted earnings (loss) per share	\$ -	\$ -	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding	93,599,266	70,533,332	93,599,266	68,061,015

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

LOS ANDES COPPER LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Earnings (loss) for the period from continuing operations	\$ 5,377	\$ (99,080)	\$ (519,022)	\$ (1,203,774)
Items not affecting cash:				
Amortization	1,691	1,550	3,240	4,185
Stock-based compensation	-	-	-	914,164
Unrealized foreign exchange loss	28,475	-	224,570	-
Change in non-cash working capital items:				
Receivables	(1,188)	(7,925)	(6,731)	289,591
Prepaid expenses	4,962	(3,260)	45,526	(683)
Accounts payable and accrued liabilities	(124,469)	17,058	(75,552)	22,578
Net cash used in operating activities	(85,152)	(91,657)	(327,969)	26,061
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares for cash, net of share issue costs	-	465,000	-	7,659,975
Net cash provided by financing activities	-	465,000	-	7,659,975
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of mineral properties	-	-	(641,089)	(488,186)
Acquisition of water rights	(1,299,225)	(2,103,667)	(1,103,130)	(2,103,667)
Deferred exploration costs	(254,356)	(1,152,349)	(1,390,379)	(2,675,612)
VAT tax credits	(150,056)	(337,458)	(354,775)	(640,431)
Acquisition of plant and equipment	-	-	-	(29,644)
Net cash used in investing activities	(1,703,637)	(3,593,474)	(3,489,373)	(5,937,540)
Change in cash for the period	(1,788,789)	(3,220,131)	(3,817,342)	1,748,496
Cash and cash equivalents, beginning of period	4,149,908	6,240,988	6,178,461	1,272,361
Cash and cash equivalents, end of period	\$ 2,361,119	\$ 3,020,857	\$ 2,361,119	\$ 3,020,857

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

LOS ANDES COPPER LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
UNAUDITED

	Common shares					
	No. of shares	Amount (\$)	Deficit (\$)	Contributed Surplus (\$)	Accumulated Other Comprehensive Income (\$)	Shareholders' Equity (\$)
Balance – September 30, 2007	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 period	-	-	(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
Net loss for the period	-	-	(519,022)	-	-	(519,022)
Balance – March 31, 2009	93,599,266	42,057,780	(11,050,889)	2,266,523	(44,320)	(33,229,094)

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

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").

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 using Canadian generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has made an assessment of its ability to continue as a going concern and is aware of several material adverse conditions as set out below that cast significant doubt on the validity of this assumption.

The Company is a mineral exploration company with a history of recurring losses and without a source of revenue. At March 31, 2009, the Company had no source of operating cash flow and an accumulated deficit of \$11,050,889 (September 30, 2008 - \$10,531,867). At March 31, 2009, the Company had working capital of \$917,638 (September 30, 2008: \$4,449,279). Operations for the quarter and six months ended March 31, 2009 were funded primarily from cash on hand.

Historically, the Company has funded operations from the issuance of share capital. Given its current stage of operations, the Company's ability to continue as a going concern is contingent on its ability to obtain additional financing. The current equity market conditions, the Company's current share price and the challenging funding environment make it dilutive and difficult to raise funds by the sale of the Company's shares. The Company and the junior resource industry have been severely impacted by the global economic crisis which began in 2008. In the event the Company is unable to raise adequate financing or meet its current obligations, the carrying value of the Company's assets could be subject to material adjustments.

These consolidated 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These interim consolidated financial statements include the accounts of the Company and its subsidiaries, Vizcachitas Limited and Compañía Minera Vizcachitas Holding. 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.

The interim financial statements of the Company have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial statements and therefore do not include all of the information and notes required for annual financial statements. These statements follow the same accounting policies and methods of application as the most recent annual financial statements, except as disclosed in Note 3. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2008.

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

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 operating periods. Actual results could differ from these estimates.

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 offset amounts due to the Chilean Revenue Service by the Company resulting from VAT charged in future.

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.

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.

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

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

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.

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 anti-dilutive.

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, 2008 the Company adopted the following new accounting standards:

Goodwill and intangible assets

CICA Handbook Section 3064 replaced CICA 3062, 3450, EIC 27 and part of AcG11. The portions in the new standard with respect to Goodwill remain unchanged. The provisions relating to the definition and initial recognition of intangible assets are equivalent to those found in International Reporting Financial Standards (IFRS). The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at March 31, 2009 and the six month period then ended.

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.

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:

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 ("SLM"), 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 of the Property, with the exception of the SJ Concessions, is subject to NSR royalties of 2% on any surface production and 1% on any underground production.

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. 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 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 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.

LOS ANDES COPPER LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009

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

The Company believes that there will be no such claim in future and, if there were such a claim, it would be statute barred.

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 March 31, 2009, 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.

	Total costs to Sept. 30, 2008	Cost incurred in quarter ended Dec, 31, 2008	Total costs to Dec. 31, 2008	Costs incurred in quarter ended March 31, 2009	Total costs to March 31, 2009
VIZCACHITAS					
Acquisition costs	\$ 21,894,999	\$641,089	\$22,536,088	-	\$22,536,088
Water rights	4,252,021	-	4,252,021	-	4,252,021
Deferred exploration					
Automobile and travel	51,979	1,781	53,760	91	53,851
Assaying	135,269	(8,184)	127,085	15,171	142,256
Camp rehabilitation, maintenance & security	285,272	47,831	333,103	3,560	336,663
Core handling & storage	24,425	485	24,910	595	25,505
Drilling	3,410,758	175,629	3,586,387	-	3,586,387
Equipment and equipment rental	418,624	9,991	428,615	-	428,615
Exploration administration	162,686	32,649	195,335	34,559	229,894
Food & accommodation	267,573	8,969	276,542	962	277,504
Geological consulting	121,324	8,450	129,774	6,338	136,112
Other	9,646	-	9,646	-	9,646
Property & surface rights, taxes & tenure fees	126,990	1,569	128,559	79,989	208,548
Studies and other consulting	414,758	407,870	822,628	22,102	844,730
Subcontractors	1,279,159	30,053	1,309,212	-	1,309,212
Supplies	498,239	36,164	534,403	241	534,644
	<u>7,206,702</u>	<u>753,257</u>	<u>7,959,959</u>	<u>163,608</u>	<u>8,123,567</u>
	33,353,722	1,394,346	34,748,068	163,608	34,911,676

As per an agreement dated September 21, 2005 and amended on November 28, 2008, 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\$	400,000	May 31, 2009
	400,000	November 30, 2009
	400,000	May 31, 2010
	<u>650,000</u>	November 30, 2010
US\$	<u>1,850,000</u>	

6. RELATED PARTY TRANSACTIONS

During Q1-2009, the Company paid or accrued \$30,788 in management fees (Q1-2008: \$41,863), \$6,750 in directors' fees (Q1-2008: \$11,440), \$6,338 in geological consulting fees (Q1-2008: \$16,063) and \$6,741 in legal fees (Q1-2008: \$8,025) to companies related to directors and officers of the Company.

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.

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

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

Authorized – unlimited common shares without par value.

There were no shares transactions during the six months ended March 31, 2009.

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

- (a) Completed a non-brokered private placement of 15,000,000 units to raise \$7,500,000. Each unit consisted of one common share and one-half of one share purchase warrant, with each full warrant entitling 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 of 1,000,000 units to raise \$500,000. Each unit consisted of one common share and one-half of one share purchase warrant, with each full warrant entitling 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 brokered and non-brokered private placement of 15,000,000 units to raise \$7,500,000. Each unit consisted of one common share and one non-transferable share purchase warrant, with each warrant entitling 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
MARCH 31, 2009

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

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.

There were no options granted during the six months ended March 31, 2009.

The following assumptions were used for the Black-Scholes option valuation of options granted during the year ended September 30, 2008:

Risk-free interest rate	3.04 – 3.71%
Expected life of options	5 years
Annualized volatility	96.42 – 99.09%
Dividend rate	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.

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 is determined by the board of directors but may 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.

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

	Number of Options	Weighted Average Exercise Price
Outstanding, September 30, 2007	2,050,000	\$ 0.60
Granted	2,800,000	0.52
Balance, September 30, 2008 and March 31, 2009	4,850,000	0.55
Exercisable, September 30, 2008 and March 31, 2009	4,850,000	\$ 0.55

LOS ANDES COPPER LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. CAPITAL STOCK AND VALUE ASSIGNED TO STOCK OPTIONS AND AGENTS' WARRANTS
(cont'd...)

At March 31, 2009, 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.
250,000	\$0.62	April 30, 2013
4,850,000		

At March 31, 2009, the weighted average contractual life remaining of the options was 3.71 years and their weighted average exercise price was \$0.55 per share.

Warrants

On January 12, 2009, a total of 500,000 warrants expired unexercised. The warrants had an exercise price of \$0.75 per share and a one-year.

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

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2007	25,282,383	1.00
Issued	23,350,000	0.71
Expired	(21,382,383)	1.00
Balance, September 30, 2008	27,250,000	0.76
Expired	8,000,000	0.75
Balance, March 31, 2009	19,250,000	0.76

At March 31, 2009, the following warrants were outstanding:

Number of Shares	Exercise Price	Expiry Date
15,000,000	\$0.70	August 21, 2009
350,000	\$0.55	August 21, 2009
3,900,000	\$1.00	February 7, 2010
19,250,000		

9. 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. The Company does not currently have in place a program to actively manage its foreign exchange risk. Notwithstanding, it 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.

10. 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.

The Company is not subject to externally imposed capital requirements.

During the quarter ended March 31, 2009 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.

11. 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. The DGA again ruled in favour of the Municipality of Putaendo, and CMV subsequently filed an appeal to the court.

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 final 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.