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**LOS ANDES COPPER LTD.  
Management Discussion & Analysis  
For the Six Months Ended March 31, 2009**

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 May 28, 2009 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at March 31, 2009 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 March 31, 2009 ("Q2-2009") the Company's earnings were \$5,377, due to a foreign exchange gain of \$76,933 resulting from fluctuations of the US dollar and the Chilean peso with respect to the Canadian dollar, the Company's reporting currency.

During Q2-2009 the Company invested a total of \$163,608 in the Vizcachitas project in connection with deferred development costs and continued work on the preliminary economic analysis (scoping study).

The Company's cash and cash equivalents balance and working capital at March 31, 2009 were \$2,361,119 and \$917,638 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 ("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 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. 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. 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 March 31, 2009**

#### *Financial Review*

The Company incurred net earnings of \$5,377 or \$nil per share in Q2-2009 (Q2-2008: net loss of \$99,080 or \$nil per share).

The most significant item in the Company's statement of operations in Q2-2009 was a foreign exchange gain of \$76,933 (Q2-2008: \$19,434), mostly of a realized nature due to fluctuations during the quarter of the US dollar and the Chilean peso with respect to the Canadian dollar.

Excluding the foreign exchange gain, the Company incurred expenses of \$84,507 in the quarter compared to \$162,981 in Q2-2008, a reduction in expenses of \$78,474, due to the effect of cost reduction initiatives implemented during Q1-2009 which were fully evident in Q2-2009.

In Q2-2009 the Company spent \$52,538 in consulting and management fees compared to \$71,302 in Q2-2008. Management and directors' fees were reduced as of late Q1-2009 as part of the Company's cost reduction initiatives.

Transfer agent and regulatory fees were \$9,947 compared to \$18,327 in Q2-2008.

Professional fees in Q1-2009 were \$5,229 compared to \$37,696 in Q2-2008, due in part to a negotiated reduction to legal fees incurred in the prior quarter.

The Company incurred shareholder communication expenses of \$6,211 in Q2-2009 (Q2-2008: \$15,304). Given current market conditions, the Company has curtailed significantly all shareholder communication expenses.

Other expenses incurred in Q2-2009 were office and administration expenses of \$2,533 (Q2-2008: \$4,710), travel, promotion and entertainment of \$6,358 (Q2-2008: \$14,092) and amortization expense of \$1,691 (Q2-2008: \$1,550).

In Q2-2009 the Company received or accrued interest income of \$12,951 (Q2-2008: \$44,467).

In the quarter, the Company incurred deferred exploration expenses of \$163,608, capitalized as mineral properties. Payments for deferred exploration in Q2-2009 were \$254,356, which include changes in account payables for deferred exploration during the quarter. The Company also made the second water rights payment of \$1,299,225. One payment of US\$1,062,500 remains to be paid and is due in January 2010.

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

	\$
Automobile and travel	91
Assaying	15,171
Camp rehabilitation, maintenance and security	3,560
Core handling and storage	595
Drilling	-
Equipment rental	-
Exploration administration	34,559
Food and accommodation	962
Geological consulting	6,338
Property and surface rights, taxes and tenure fees	79,989
Studies and other consulting	22,102
Subcontractor	-
Supplies	241
	<u>163,608</u>

### *Deferred Exploration*

The following paragraphs summarize the nature of the exploration undertaken on Vizcachitas during the quarter ended March 31, 2009. All exploration was supervised by Roger Moss, Ph.D., P.Geo., 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](http://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 in early November 2008. There was no drilling activity in the quarter ended March 31, 2009. The Company continued to work on the scoping study for Vizcachitas.

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 generally cost less than drilling, will enable advancement of the project during this period of fiscal restraint.

### **Six Months Ended March 31, 2009**

#### Financial Review

The Company incurred a net loss of \$519,022 or \$0.01 per share the six months ended March 31, 2009 ("YTD 2009"), compared to a net loss of \$1,203,774 or \$0.02 per share in the six months ended March 31, 2008 ("YTD 2008").

A significant portion of the variance of \$684,752 in net loss between the two comparative periods is explained by stock-based compensation expense. In YTD 2008 this cost was \$914,164 in connection with options granted in the period. There were no options granted and no stock-based compensation expense

YTD 2009. A second important factor affecting results between both periods is foreign exchange; in YTD 2009 the Company has recorded a foreign exchange loss of \$262,602 and in YTD 2008 it recorded a foreign exchange gain of \$15,015. Excluding stock-based compensation expense and foreign exchange gains or losses, expenses in general terms have been lower YTD 2009 due to the Company's efforts to reduce costs and preserve cash due to the current global economic conditions. Interest income was \$38,746 lower YTD 2009 compared to YTD 2008 due to lower average cash balances and lower interest rates.

#### Deferred Exploration

In response to the global financial crisis, the company made a decision to preserve capital and suspended the drilling program at Vizcachitas during Q1-2009. 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.

YTD-2009 the Company has incurred acquisition costs of \$641,089 and deferred exploration costs of \$916,865, which in aggregate represent an increase to its mineral properties carrying value of \$1,557,954.

#### Summary of Quarterly Results

	QUARTERS ENDED			
	March 31, 2009 \$	December 31, 2008 \$	September 30, 2008 \$	June 30, 2008 \$
Earnings (Loss)	5,377	(524,399)	(2,335,437)	(320,710)
Earnings (Loss) Per Share <sup>(1)</sup>	-	(0.03)	-	
	March 31, 2008 \$	December 31, 2007 \$	September 30, 2007 \$	June 30, 2007 \$
Earnings (Loss)	(99,080)	(1,104,694)	1,060,876 <sup>2</sup>	(928,508)
Earnings (Loss) Per Share <sup>(1)</sup>	-	(0.02)	0.04	(0.02)

<sup>1</sup> Presented on an undiluted basis

<sup>2</sup> 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 March 31, 2009 the Company had cash and cash equivalents of \$2,361,119 and working capital of \$917,638, compared to cash of \$6,178,461 and working capital of \$4,449,279 at September 30, 2008.

During the six months 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 at Vizcachitas and rationalized administrative expenses in order to preserve capital.

Notwithstanding these efforts, given its current stage of development and lack of operating income, the Company's ability to continue operating as a going concern is contingent upon its ability to obtain additional financing. There can be no assurance that Los Andes will be able to obtain required financing in the future on acceptable terms to fund contractual option or water rights payments or anticipated mineral development costs and operating losses in upcoming periods.

The current equity market conditions, the challenging funding environment and the low price of the Company's common shares 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 financial crisis which began in 2008.

No share transactions took place during the six months ended March 31, 2009.

In the year ended September 30, 2008, the Company closed two non-brokered private placements and a brokered and non-brokered private placement, issuing 31,000,000 units for total gross proceeds of \$15,500,000.

Pursuant to the two non-brokered private placements, the Company issued 16,000,000 units at a price of \$0.50 per unit, with each unit consisting 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 and non-brokered private placement, the Company issued 15,000,000 units at a price of \$0.50 per unit, with each unit consisting 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 \$1,703,637 in Q2-2009 in investing activities, including \$1,299,225 for payment of water rights and \$254,356 for deferred exploration costs (including the effect of changes in accounts payable for deferred exploration in the period). Also included in investing activities is \$150,056 for VAT tax credits which are not classified as current assets as they will be recoverable in the long-term only.

A September 21, 2005 agreement, amended on November 28, 2008, 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.

### ***Transactions with Related Parties***

During Q2-2009, the Company paid or accrued \$30,788 in management fees (Q2-2008: \$41,863), \$6,750 in directors' fees (Q2-2008: \$11,440), \$6,338 in geological consulting fees (Q2-2008: \$16,063) and \$6,741 in legal fees (Q2-2008: \$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.

### ***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.

### ***Critical Accounting Estimates***

There were no changes to the Company's critical accounting estimates during the quarter ended March 31, 2009. 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 standard:

#### ***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.

### ***Other MD&A Requirements***

As of May 28, 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.losandescopper.com](http://www.losandescopper.com). To view the public documents of the Corporation, please visit the Corporation's profile on the SEDAR website at [www.sedar.com](http://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.