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LOS ANDES COPPER Ltd.

LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
Management Discussion & Analysis
For the Quarter and Six Months Ended March 31, 2007

<u>All figures expressed in Canadian Dollars except where noted</u>

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 29, 2007, and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at March 31, 2007 and the Company's audited consolidated financial statements and the notes thereto for the year ended September 30, 2006.

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. The property contains a NI43-101 compliant indicated resource of 144 M tonnes grading 0.52% copper and 0.15% molybdenum, and additional inferred resources of 211 M tonnes grading 0.46% Cu and 0.016% Mo at a 0.4% copper cut-off.

During the quarter ended March 31, 2007 ("Q1-2007"), Los Andes completed the acquisition of the Vizcachitas property, as described in detail below. In the same quarter the Company disposed of its former mineral properties in China. Accordingly, the operations of the Company in the reporting quarter differ substantially from prior periods and are not readily comparable.

Acquisition of 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 all of the issued and outstanding shares in Compañía Minera Vizcachitas Holding ("CMV"), a company incorporated under the laws of Chile. CMV owns the following interests which comprise the Vizcachitas Property:

1. 51% of the shares of Sociedad Legal Minera San José Uno de Lo Vicuña, El Tártaro y Piguchén de Putaendo ("San José SLM"), a Chilean Sociedad Legal Minera, which is the owner of the San José mining concessions (the "SJ Concessions");

2. 32 mining rights (the "Mining Rights"), of which 8 are existing exploitation mining concessions encircling the SJ Concession, 19 are exploitation mining concessions in process of constitution (exploitation claims) encircling the SJ Concession and 5 are exploration mining concessions in process of constitution (exploration claims) protecting the SJ Concession; and

3. an option agreement to purchase 100% of six additional exploitation mining concessions (the “Additional Concessions” and together with the SJ Concessions and the Mining Rights, the “Property”), also encircling the SJ Concession.

The SJ Concessions are subject to NSR royalties of which the Company’s portion is a 1.02% NSR royalty on surface mining and a 0.51% NSR royalty on underground mining. The Additional Concessions are subject to a NSR royalty of 1% on any surface production and 2% on any underground production on the claims.
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. A.C.A. Howe International Limited described NI43-101 compliant mineral resources for the Property in a technical report dated June 29, 2006 (updated February 2007). The resource calculation was based on 68 drill holes for a total of 18,300 metres. Results showed an indicated resource of 144 million tonnes grading 0.52% copper and 0.015% molybdenum and an inferred resource of 211 million tonnes grading 0.46% copper and 0.016% molybdenum at a 0.40% copper cutoff.

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

The Company understands a single Chilean company (“Minority Shareholder”) owns the remaining minority 49% of San José SLM. The Company has not yet determined how development of the Property will proceed and looks forward to discussions with the shareholders and principals of the Minority Shareholder to determine if a mutually beneficial plan of action may be developed.

The property rights outlined above contain the balance of the known mineralization, and are considered to have 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. Initial work programs at the Property will, in part, focus on testing the potential of these areas to host extensions or additions to the existing mineralization, with a view to further enhancing the economics of the Property.

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 will enable Global to acquire one additional share of the Company for a period of three years to February 8, 2011, 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.

Disposition of Former Mineral Properties

Los Andes, through its former wholly owned subsidiary, Tun Resources Inc. ("Tun") owned interests in three mineral properties located in the Zhen Yuan Mining District, China (together, the "Yunnan Yuntong Properties"): the Shangzhai exploration licence area and mining concession, which had been in production since 2001; the Bianfushan exploration licence area and mining concession; and the Jiazutian (formerly Lanintang) exploration licence area, which were in the exploration and development stage.

Tun entered into a Joint Venture Agreement with the Yunnan Province Dianxi Geological Engineering, Exploration Development Company on August 8, 1994 ("Dianxi"). The joint venture was called the Yunnan Yuntong Exploration Company Limited Joint Venture (the "Yunnan Yuntong JV"). Tun's initial capital investment was US$800,000, to earn a 60% interest in the Yunnan Yuntong JV and was later increased to US$1,400,000 to earn an 82% interest in the Yunnan Yuntong JV.

On August 29, 2006, the Yunnan Yuntong JV sold three of its non-producing, exploration mineral properties in China to a branch of the Chinese government for net sale proceeds (after taxes and finder's fees) of approximately $1,000,000. The Company continued to mine, develop and explore its remaining Chinese properties until January 1, 2007 at which time Los Andes entered into an agreement to sell all of the outstanding shares of Tun for consideration on closing of $1,000,000 and the assumption by the purchaser of liabilities of Los Andes in the aggregate amount of $473,412. The $1,000,000 payment will be made in three installments as to $100,000 on April 20, 2007 (received), $400,000 on May 31, 2007 and $500,000 on July 31, 2007. The Company recorded a gain of $23,395 on disposition of these properties.

Results of Operations Q1-2007

During the quarter ended March 31, 2007, the Company incurred out of the ordinary expenses in connection with the acquisition of Vizcachitas and the disposition of its Chinese mineral properties. These extraordinary expenses are reflected namely in professional fees (cost of $135,676 in the quarter) and in transfer agent, filing and regulatory fees (cost of $79,677 in the quarter). Professional fees are comprised namely of legal fees in Canada and in Chile, including the cost of obtaining legal opinions on the mineral interests held by CMV. The Company also incurred $26,036 in consulting, salaries and management fees during the quarter, travel expenses of $15,049, office and administration expenses of $3,715 and shareholder communication expense of $3,600. Total expenses in Q1-2007 were $263,753.

Other items in the quarter include a gain on sale of mineral properties of $23,395, interest income of $7,228 and a foreign exchange expense of $3,981. The net loss for the quarter was $237,111, which represents a loss per share of $0.01 for Q1-2007.

The Company incurred $80,170 in deferred exploration costs in the Vizcachitas property from the date of acquisition (February 8, 2007) to March 31, 2007. The most significant expenses were $44,196 incurred in connection with maintenance and payment of property rights, taxes and tenure fees, followed by camp maintenance and security costs of $17,122. Other deferred development expenses include exploration administration of $9,068, geological consulting costs of $7,800, travel expenses of $1,697 and other costs of $287.

The Company anticipates that deferred development costs will increase substantially in subsequent quarters, particularly once the Company commences its drilling program in June 2007.

Results of Operations Six Months ended March 31, 2007

The results of operations for the six-month period ended March 31, 2007 include expenses incurred in connection with the Company's former operations in China for the period October 1 to December 31, 2006 and are therefore not indicative of expected levels of expenditure in upcoming periods.

The most significant expense is cost of sales of $640,564 which is entirely associated with the former Chinese operations. Expenses in the six month period were $393,400 of which the most significant expenses are $145,965 in professional fees, $98,171 in consulting, salaries and management fees and $81,750 in transfer agent, filing and regulatory fees. As mentioned in the preceding section, there were extraordinary expenses incurred in the second quarter of the fiscal year in connection with the acquisition of Vizcachitas and the disposition of the Chinese properties.

Other items include a gain on sale of mineral properties of $23,395, interest income of $15,308 and foreign exchange expense of $3,981.

The net loss in the six months ended March 31, 2007 was $999,242 (a loss per share of $0.03).

Summary of Quarterly Results

	QUARTERS ENDED			
	March 31, 2007	**December 31, 2006**	**September 30, 2006**	**June 30, 2006**
Income (Loss)	(237,111)	(762,131)	1,329,723	2,234
Income (Loss) Per Share (1)	(0.01)	(0.07)	0.11	-
	March 31, 2006	**December 31, 2005**	**September 30, 2005**	**June 30, 2005**
Income (Loss)	(120,111)	(77,261)	114,401	102,952
Income (Loss) Per Share (1)	(0.01)	(0.01)	0.01	0.01

(1) Presented on an undiluted basis.

Liquidity and Capital Resources

As at March 31, 2007, the Company had a cash position of $893,269 and working capital of $1,767,464, compared to cash of $4,173,910 and working capital of $2,755,062 at September 30, 2006.

Advances and receivables of $1,012,225 include $1,000,000 due from the purchasers of Tun, which are to be paid in three instalments as to $100,000 on April 20, 2007 (received), $400,000 on May 31, 2007 and $500,000 on July 31, 2007). Other receivables include GST input tax credits in Canada of $12,225.

During the quarter ended March 31, 2007, Los Andes completed a non-brokered private placement comprising 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. Following the issuance of the securities, if at any time following the expiration of the four month period, the closing price of Los Andes' shares is at least $1.25 per share for 10 consecutive trading days, Los Andes shall have the right to notify the purchasers that the expiry date for the exercise of the warrants will be shortened to 30 days. 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.

In Q1-2007 Los Andes also 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.

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

Transactions with Related Parties

During the quarter ended March 31, 2007, the Company paid $8,025 in legal fees to a company with a director in common and paid $12,160 in salaries to former directors of the Company. Included in the accounts payable and accrued liabilities balance at March 31, 2007 is $526 due to related parties.

These transactions were in the normal course of operations and were measured at fair value as determined by management.

Critical Accounting Estimates

In connection with the disposition of its Chinese mineral properties, the Company no longer has an asset retirement obligation, which represented a significant account estimate in prior periods. Currently, 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

Accounting Changes

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

Financial Instruments

Effective October 1, 2006, the Company adopted the new accounting standards and related amendments to other standards on financial instruments issued by the CICA. Prior periods have not been restated.

Financial Instruments – Recognition and Measurement (Section 3855): The standard prescribes when a financial asset, financial liability and non-financial derivative is to be recognized on the Balance Sheet and whether fair value or cost-based measures should be used to measure the recorded amounts. It also specifies how financial instruments gains or losses should be presented. Fair value is determined directly by reference to published price quotations in the active market where the securities are traded. Changes in the fair value of these instruments are reflected in income and included in shareholders' equity on the Balance Sheet. The Company has determined that at March 31, 2007, it has no financial instruments or derivatives, including embedded derivatives.

Hedges (Section 3865): The standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline 13 (acG-13) "Hedging Relationships" and Section 1650 "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. At March 31, 2007, the Company had no hedging relationships.

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

Subsequent Events

Subsequent to December 31, 2006, the Company completed:

Subsequent to March 31, 2007:

1. An aggregate of 5,000,000 warrants at an exercise price of $0.20 per share were exercised, for proceeds to the Company of $1,000,000.

2. An aggregate of 770,000 stock options issued to former directors of the Company expired unexercised.

3. An aggregate of 2,000,000 stock options were issued to directors, officers and consultants of the Company. The options have an exercise price of $0.60 per share, vested on granting and have a five year term to May 10, 2012.

4. Frank O'Kelly was named a director of the Company, replacing Michael Kuta who resigned as a director. Mr. Kuta will continue to serve as the Company's Corporate Secretary and Legal Counsel.

Other MD&A Requirements

As of May 29, 2007, the Company has outstanding 57,649,266 common shares, 30,232,383 exercisable warrants (at prices ranging from $0.20 to $1.00) and 2,000,000 exercisable stock options (at an exercise price of $0.60).

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

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 the Territory, 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.