



LOS ANDES COPPER Ltd.

Suite 3083—595 Burrard Street,
Bentall Three Centre, PO Box 49298
Vancouver, BC V7X 1L3 Canada
Phone +1.604.681.2802 **Fax** +1.604.682.2802
www.losandescopper.com

**LOS ANDES COPPER LTD. (formerly GHG RESOURCES LIMITED)
Management Discussion & Analysis
For the Year Ended September 30, 2007**

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 January 25, 2008, and should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto prepared as at September 30, 2007.

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 0.015% molybdenum, and additional inferred resources of 211 M tonnes grading 0.46% Cu and 0.016% Mo at a 0.4% copper cut-off.

Effective January 1, 2007, the Company disposed of its former mineral properties in China and on February 8, 2007 completed the acquisition of the Vizcachitas property, as described below. Accordingly, the operations of the Company in the year ended September 30, 2007 differ substantially from prior periods and are not readily comparable.

Overall Performance

In the year ended September 30, 2007 (“fiscal 2007”) the Company incurred a loss of \$4,345,243.

The most significant item in the Company’s statement of operations in fiscal 2007 is a future income tax provision of \$2,201,443, recorded in compliance with Canadian generally accepted accounting principles (“Canadian GAAP”) to account for the potential tax effect of the increase of the excess of the carrying cost of the Company’s mineral properties over the properties’ tax basis during the year. The future income tax provision does not represent, at September 30, 2007 an actual cash tax expense or an amount due by the Company to tax authorities in Canada or in Chile.

The net loss in fiscal 2007 of \$1,300,165 and net earnings in fiscal 2006 of \$1,450,422 derived from the Company’s former operations in China are presented in the statement of operations as one item entitled earnings/(loss) from discontinued operations.

Excluding the cost associated with the future income tax provision and the loss from discontinued operations, the most significant expense incurred in fiscal 2007 was stock-based compensation expense of \$903,130 from share purchase options granted to the Company's directors, officers and consultants.

During fiscal 2007 the Company incurred acquisition costs of \$20,893,962 and deferred development costs of \$1,887,221, an aggregate investment of \$22,781,183 in the Vizcachitas property.

During Q4-2007 a phase one 5,000 metre drilling program was conducted in Vizcachitas with favourable results, the first drilling program conducted in the property since the 1990s. A phase two 15,000 drilling program, currently in progress, was further approved by the Company's board of directors.

In fiscal 2007, the Company raised capital of \$14,095,100, mostly through a private placement for gross proceeds of \$12,000,000 and from the exercise of 10,670,000 warrants for proceeds of \$2,095,100.

Subsequent to the end of the fiscal year, the Company completed two private placements for aggregate gross proceeds of \$8,000,000.

The Company's cash and cash equivalents balance and working capital at September 30, 2007 were \$1,272,361 and \$939,205 respectively. Los Andes is well capitalized to carry out the phase two drilling program.

Selected Annual Information

	12 months ended September 30, 2007	12 months ended September 30, 2006	12 months ended September 30, 2005
Total revenues ¹	\$ -	\$ -	\$ -
Net income (loss)	(4,345,243)	1,134,585	(186,695)
Earnings (loss) per share	(0.10)	0.08	(0.02)
Diluted earnings (loss) per share	(0.10)	0.08	(0.02)

	At September 30, 2007	At September 30, 2006	At September 30, 2005
Total assets	\$24,636,327	\$4,475,231	\$549,858
Total long-term liabilities	5,659,470	-	-
Cash dividends declared	-	-	-

¹ Prior reported revenues of \$949,835 in fiscal 2006 and \$921,976 in fiscal 2005 were reclassified to earnings/(loss) from discontinued operations in the year ended September 30, 2007.

Variation in financial position as outlined in the table above is derived from the acquisition of the Vizcachitas property on February 8, 2007 and the disposition of the Company's former properties and operations in China on January 1, 2007.

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 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 Los Andes. CMV owns the following interests which comprise the Vizcachitas Property:

1. 51% of the shares of Sociedad Legal Minera San José Uno de Lo Vicuña, El Tártaro y Piguchén de Putaendo ("San José SLM"), a Chilean Sociedad Legal Minera, which is the owner of the San José mining concessions (the "SJ Concessions");
2. 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.

All the Concessions are subject to NSR royalties of 2% on any surface production and 1% on any underground production on the claims. In the case of the SJ Concessions, 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. 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 enables Global to acquire one additional share of the Company for a period of three years 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.

In connection with the 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.

Disposition of Subsidiary Corporation

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 (the "Purchaser") of liabilities of Los Andes in the aggregate amount of \$473,412. The \$1,000,000 payment was to be made in three instalments, \$100,000 on April 20, 2007 (received), \$400,000 on May 31, 2007 (received) and \$500,000 (partially received). At September 30, 2007, \$300,000 plus interest of \$6,000 for late payment remained outstanding. The \$306,000 was received by the Company on October 2, 2007. The Company recorded a gain of \$634,442 on disposition of these properties.

Results of Operations

Year Ended September 30, 2007

Financial Review

During the year ended September 30, 2007 the Company incurred \$20,893,962 in acquisition costs, exclusively for the Vizcachitas property. The acquisition costs were met in cash (\$12,767,935, the equivalent of US\$10,900,000), through the issuance of shares (\$4,668,000) and in connection with recording a future income tax liability of \$3,458,027,

The acquisition costs paid in cash included US\$10,400,000 paid to Global and a US\$500,000 payment made on May 31, 2008 as per a September 21, 2005 agreement whereby the Company was granted an option to acquire a 100% interest in the Additional Concessions. The remaining payments under the agreement are as follows:

US\$ 500,000	Due on	November 30, 2007 (paid)
500,000		May 31, 2008
700,000		November 30, 2008
700,000		May 31, 2009
<u>800,000</u>		November 30, 2009
<u>US\$ 3,200,000</u>		

In fiscal 2007 the Company incurred \$1,887,221 in deferred exploration expenses. The breakdown of the expenses is as follows:

	<u>\$</u>
Automobile and travel	17,022
Assaying	13,956
Camp rehabilitation, maintenance and security	94,653
Core handling and storage	17,596
Drilling	910,247
Equipment rental	150,536
Exploration administration	61,132
Food and accommodation	62,748
Geological consulting	41,913
Other	6,765
Property and surface rights, taxes and tenure fees	46,340
Studies and other consulting	33,458
Subcontractor	280,263
Supplies	150,592
	<u>1,887,221</u>

The Company incurred a net loss of \$4,345,243 or \$0.10 per share in fiscal 2007 (2006: earnings of \$1,134,585 or \$0.08 per share).

The results of operations for the year ended September 30, 2007 include a loss from discontinued operations of \$1,300,165 (2006: earnings from discontinued operations of \$1,450,422).

The most significant expense in the period was a provision for income tax of \$2,201,443 (2006: \$nil) recorded in the year in compliance with Canadian generally accepted accounting principles

to account for the potential tax effect derived from the increase in the year of the excess of the carrying value over the tax basis of the Company's mineral properties. This provision along with the original future income tax liability of \$3,458,027 recorded at the time of the acquisition of Vizcachitas, represent an aggregate future income tax liability of \$5,659,470 as at September 30, 2007. As stated elsewhere in this report, the future income tax liability does not represent an actual amount due by the Company at September 30, 2007 to tax authorities in Canada or Chile.

The second most significant expense in the period was stock-based compensation expense of \$903,130 (2006: \$73,819) incurred in connection with the grant of 2,050,000 options to directors, officers and consultants of the Company. Of these, 2,000,000 options have a five-year term to May 10, 2012, vested at the time of grant and are exercisable at \$0.60 per share; the remaining 50,000 options have a five-year term to August 28, 2012, vested at the time of grant and are exercisable at \$0.40 per share.

Other major expenses are professional fees of \$215,591 (2006: \$75,261) which are mainly legal fees, expected to decrease in subsequent periods and consulting and management fees of \$176,498 (2006: \$93,181).

Deferred Exploration

During the period October 1, 2006 to January 1, 2007, Los Andes, through its former wholly owned subsidiary Tun mined, developed and explored properties in China in association with the Yunnan Province Dianxi Geological Engineering, Exploration Development Company under the "Yunnan Yuntong JV".

Effective January 1, 2007 Los Andes entered into an agreement to sell all of the outstanding shares of Tun, thereby selling its interest in the Chinese properties.

Subsequent to the sale of the Chinese properties, all exploration work carried out was in connection with the acquisition of the Vizcachitas property and the drill programs outlined above.

The following paragraphs summarize the nature of the exploration undertaken on Vizcachitas during fiscal 2007. 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 68 drill holes previously completed by General Minerals Corporation and Placer Dome, the project contains an indicated resource of 232 million tonnes grading 0.46% copper and 0.014% molybdenum and an inferred resource of 619 million tonnes grading 0.38% copper and 0.013% molybdenum at a 0.30% copper cutoff as detailed in the NI43-101 compliant technical report of A.C.A. Howe International Limited dated February 7, 2007. The technical report can be viewed on the company's website at www.losandescopper.com.

2007 Exploration Update

The main activities undertaken during fiscal 2007 were the rehabilitation of the Vizcachitas camp followed by a 5,000 metre first phase diamond drilling program on the property. The drill program started in July with two drill rigs and continued through into September. The aim of the drilling was threefold: to confirm the historical drilling carried out in the 1990s; to upgrade inferred resources to the indicated category; and to test for extensions of the known mineralization, initially to the south, east and west.

A total of 5,087 metres were drilled in 18 holes, all located to the south of the San Jose claim. Results were similar to those reported for the drilling programs carried out in the 1990s and have validated those earlier results. The mineralization was also shown to be generally continuous between the historical drill holes. Step out holes to the west and southwest intersected mineralization extending the known limits of the deposit. For example, hole LAV-75, drilled to test the western edge intersected 0.40% Cu over 170 metres between 48 and 218 metres. The first stage program was also successful in identifying a higher grade zone of mineralization in the southwest of the area of interest. Two holes, LAV-68 and LAV-72, intersected mineralization grading 0.7% Cu over 90 metres and 98 metres, respectively. LAV-66 intersected a narrow 6m interval grading 0.7% Cu. Highlights of the first phase drilling program are shown below.

Mineralization is sulphide dominant, mainly chalcopyrite with lesser chalcocite, bornite covellite and molybdenite. Alteration is variable in intensity and type, but is dominated by quartz-sericite and biotitic (potassic).

Based on the success of the first phase program, it was decided to continue immediately with a second phase program that is currently ongoing. A total of 15,000 metres of drilling is planned for the second phase program that aims to continue infill drilling on 100 metre centres, continue step out drilling to the east, west and north, and test the depth potential of the mineralization.

Following completion of the second phase program, an updated resource estimate will be undertaken in preparation for a pre-feasibility study.

Highlights of Phase 1 Drilling Program at the Vizcachitas Project

Hole ID	From (m)	to (m)	Interval (m)	CuT (%)	Mo (%)	CuEq % ⁽¹⁾
LAV-66	16	256	240	0.40	0.017	0.51
including	32	48	16	0.47	0.012	0.54
and	74	102	28	0.51	0.015	0.60
and	116	180	64	0.56	0.019	0.69
LAV-73	14.55	250	235.45	0.43	0.012	0.51
including	14.55	94	79.45	0.59	0.013	0.67
including	32	62	30	0.78	0.011	0.86
LAV-77	40	350	310	0.41	0.008	NA
including	40	110	70	0.50	0.013	0.59
LAV-78	27	300	273	0.42	0.009	NA
including	32	62	30	0.58	0.010	0.65
and	102	182	80	0.55	0.010	0.62
including	134	180	46	0.70	0.013	0.78

LAV-79	66	196	130	0.42	0.010	0.49
including	104	156	52	0.50	0.012	0.58
LAV-80	66	148	82	0.53	0.014	0.62
including	80	120	40	0.72	0.014	0.82
LAV-81	61.5	386	324.5	0.45	0.011	0.53
including	82	260	178	0.57	0.012	0.65
including	170	260	90	0.60	0.013	0.69

⁽¹⁾ Copper equivalent is calculated for Mo values greater than 0.01% using US\$1.50/lb Cu and US\$10.00/lb Mo according to the formula $CuEq\% = Cu\% + (Mo\% \times 10.00/1.50)$ and is not adjusted for metallurgical recoveries as these remain uncertain.

Summary of Quarterly Results

	QUARTERS ENDED			
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
Earnings (Loss)	(2,417,493)	(928,508)	(237,111)	(762,131)
Earnings (Loss) Per Share ⁽¹⁾	(0.05)	(0.02)	(0.01)	(0.03)
	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005
Earnings (Loss)	1,329,723	2,234	(120,111)	(77,261)
Earnings (Loss) Per Share ⁽¹⁾	0.11	-	(0.01)	(0.01)

⁽¹⁾ Presented on an undiluted basis.

Liquidity and Capital Resources

As at September 30, 2007 the Company had cash and cash equivalents of \$1,272,361 and working capital of \$939,205, compared to cash of \$1,877,508 and working capital of \$2,348,278 at June 30 2007 and cash of \$4,173,910 and working capital of \$2,755,062 at September 30, 2006.

Advances and receivables of \$311,772 include \$300,000 due from the purchasers of Tun, the full balance of which was received by Los Andes on October 2, 2007. Other receivables include interest of \$6,000 charged to the Tun purchasers and GST input tax credits in Canada of \$5,772.

The Company's long-term debt is comprised of a \$5,659,470 future income tax liability recorded 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.

During the year ended September 30, 2007, Los Andes 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.

As previously disclosed, on February 8, 2007 Los Andes 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.

During the year ended September 30, 2007, Los Andes received \$2,095,100 from the exercise of 10,670,000 warrants at prices ranging from \$0.13 to \$0.20 per share.

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.

Summary of contractual obligations

(Amounts in the following table are expressed in US dollars)

	Total	Less than 1 year ¹	1 to 3 Years ²	4 to 5 years	More than 5 years
Option to acquire 100% interest in Additional Concessions	3,200,000	1,000,000	2,200,000	-	-
	\$3,200,000	\$1,000,000	\$2,200,000	\$ -	\$ -

¹ US\$500,000 due on November 30, 2007 (paid) and US\$500,000 due on May 31, 2008.

² 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.

Transactions with Related Parties

During the year ended September 30, 2007, the Company paid or accrued \$79,513 in management fees (2006: \$22,500), \$41,113 in geological consulting fees (2006: \$nil) and \$24,075 in legal fees (2006: \$nil) to companies related to directors and officers of the Company. Additionally, in 2006 the Company paid or accrued \$900 in accounting fees and \$3,600 for office and administration expenses to companies related to directors and officers of the Company.

Included in the accounts payable and accrued liabilities balance at September 30, 2007 is \$14,363 due to officers and directors of the Company (2006: \$173,242).

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.

Fourth Quarter

During the quarter ended September 30, 2007 (Q4-2007) the Company did not incur acquisition costs; deferred explorations costs in the quarter were \$1,702,972, broken down as follows:

	<u>\$</u>
Automobile and travel	11,323
Assaying	13,956
Camp rehabilitation, maintenance and security	68,707
Core handling and storage	7,130
Drilling	910,247
Equipment rental	146,137
Exploration administration	32,887
Food and accommodation	62,597
Geological consulting	22,425
Other	(1,282)
Property and surface rights, taxes and tenure fees	1,386
Studies and other consulting	6,861
Subcontractor	280,263
Supplies	140,335
	<u>1,702,972</u>

Deferred exploration costs in Q4-2007 reflect the level of activity of the phase one drilling program at Vizcachitas.

In Q4-2007 the Company posted a loss of \$2,417,493 or a \$0.05 loss per share. Other than the tax provision disclosed in a prior section of this document, the most significant expenses in the quarter were stock-based compensation expense of \$125,507 (for options granted in the quarter and adjustments to the expense of other options granted in fiscal 2007), consulting, salaries and management fees of \$49,524 and professional fees of \$47,366 (for legal fees and accrual of annual audit costs).

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 September 30, 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 September 30, 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 September 30, 2007:

- The Company 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 entitles 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. All securities issued in connection with the placement are subject to a four-month hold period expiring March 23, 2008.

- The Company 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 entitles 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. All securities issued in connection with the placement are subject to a four-month hold period expiring May 11, 2008.
- An aggregate of 2,550,000 stock options were issued to a directors, officers and consultants of the Company. The options have an exercise price of \$0.51 per share, vested on granting and have a five year term to November 30, 2012.
- The Company entered into an agreement in principle to acquire 250 litres per second of consumptive water rights on the Aconcagua River from an arms-length party at a cost of US\$4,250,000.

Evaluation of Disclosure Controls and Procedures

Public companies are required to perform an evaluation of disclosure controls and procedures annually and to disclose management's conclusions about the effectiveness of these disclosure controls and procedures in its annual MD&A.

The Company's President and CFO are responsible for establishing and maintaining disclosure controls and procedures for the Company and have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures of the Company were effective to ensure that the information required to be disclosed by the Company is reported in a timely and effective manner.

Internal Controls over Financial Reporting

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

The President and the Chief Financial Officer of the Company have evaluated the effectiveness of the Company's design of internal control over financial reporting. Based on this evaluation, management has concluded that, subject to the inherent limitations mentioned in the preceding paragraph, the design of internal control over financial reporting was effective as of September 30, 2007.

There were no changes in the Company's internal control over financial reporting during the year ended September 30, 2007 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

Other MD&A Requirements

As of January 25, 2008, the Company has outstanding 78,599,266 common shares, 33,282,383 exercisable warrants (at prices ranging from \$0.75 to \$1.00 per share) and 4,600,000 exercisable stock options (at exercise prices ranging from \$0.40 to \$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 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.