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LOS ANDES COPPER Ltd.

LOS ANDES COPPER LTD. Management Discussion & Analysis (“MD&A”) For the Year Ended September 30, 2011

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 27, 2012 and should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto prepared as at September 30, 2011.

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 year ended September 30, 2011 (“fiscal 2011”) the Company incurred a loss of \$704,573 or \$0.01 per share, compared to a loss of \$436,375 or \$0.01 per share in the year ended September 30, 2010 (“fiscal 2010”).

In fiscal 2011 the Company reached a significant corporate milestone when it completed the consolidation of the Vizcachitas property through the indirect acquisition (the “TBC Transaction”) from Turnbrook Corporation (“TBC”) of the remaining 49% interest in the 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”). With this transaction, the entire resource contained in the Vizcachitas property is now under unified ownership.

During the year ended September 30, 2011, the Company incurred acquisition costs of \$37,975,105, mostly in connection with the TBC Transaction, and deferred development costs of \$448,834, for an aggregate investment of \$38,423,939 in the Vizcachitas property.

Also in fiscal 2011, as part of the TBC Transaction the Company completed a private placement for gross proceeds of \$3,535,000.

The Company’s cash and cash equivalents balance and working capital at September 30, 2011 were \$565,184 and \$238,501 respectively.

Selected Annual Information

	12 months ended September 30, 2011	12 months ended September 30, 2010	12 months ended September 30, 2009
Total revenue	\$ -	\$ -	\$ -
Net loss	(704,573)	(436,375)	(1,058,584)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)

	At September 30, 2011	At September 30, 2010	At September 30, 2009
Total assets	\$77,256,977	\$38,347,160	\$38,617,737
Total long-term liabilities	10,902,637	4,659,184	4,566,328
Cash dividends declared	-	-	-

The Vizcachitas Property

On February 8, 2007, the Company acquired from Global Copper Corp. ("Global") all of the issued and outstanding shares of Vizcachitas Limited, a company that at that time indirectly owned a majority interest in the claims making up the Vizcachitas Property (the "Initial Acquisition").

Consideration for the Initial Acquisition consisted 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. The warrants expired unexercised. 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.

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. At the time of the Initial Acquisition, CMV owned the following interests in the Vizcachitas Property:

1. 51% of the shares of San José SLM, a Chilean SLM which is the owner of 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. Five additional exploitation mining concessions (the "Additional Concessions"), which also encircle the SJ Concessions, subject to an option agreement in respect of which the Company made the final payment during the quarter ended December 31, 2010.

The Additional Concessions, together with the SJ Concessions and the Mining Rights, are referred to as the "Property".

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.

The SJ Concessions are subject to NSR royalties of 1.02% on surface mining and 0.51% on underground mining.

On December 21, 2010, the Company completed the consolidation of the Vizcachitas mining property through the acquisition (the "TBC Transaction") from Turnbrook Corporation ("TBC") of all of the issued and outstanding securities of Gemma Properties Group Limited ("GPGL"). GPGL owns 99 of the 100 issued and outstanding shares of Inversiones Los Patos S.A. ("Los Patos"). The remaining share in Los Patos was transferred to the Company. Los Patos is the legal and beneficial owner of 49% of the issued

and outstanding shares of the San Jose SLM. With this transaction, the entire resource contained in the Vizcachitas property is now under unified ownership.

In accordance with the terms and conditions of the TBC Transaction, the Company issued to TBC 35,000,000 common shares in the capital stock of the Company together with 13,000,000 warrants to purchase common shares of the Company, exercisable at a price of \$0.15 per share to December 21, 2013. The 35,000,000 common shares were issued at the fair value of \$0.53 per share, the Company's closing share price on December 21, 2010, resulting in a mineral property acquisition cost of \$18,550,000.

As part of the TBC Transaction, the Company also entered into a private placement for the issuance of 17,333,333 common shares at a deemed price of \$0.15 per share. The difference of \$6,586,667 resulting between the trading price of \$0.53 and the deemed price of the shares issued in the placement was allocated to mineral property acquisition costs.

The 13,000,000 warrants were valued using the Black-Scholes pricing model, resulting in a fair value of \$5,862,073 credited to contributed surplus with a corresponding increase to mineral property acquisition costs.

The Company also recorded a future income tax liability of \$6,349,140 for the difference between the financial and tax basis of the acquisition costs herein described, with an increase to mineral property acquisition costs.

The following table summarizes the purchase price allocation on the fair value of the assets acquired:

	\$
Consideration paid	
Shares	25,136,667
Warrants	5,862,073
	30,998,740
Net assets acquired	
Mineral property	37,347,880
Future income tax liability	(6,349,140)
	30,998,740

In fiscal 2011, the Company obtained an additional 42 exploration mining concessions; 24 of the new exploration concessions were layered on top of existing exploitation claims and 18 of the new exploration concessions extend to the surroundings of already existent exploitation claims.

At September 30, 2011, TBC owned 26% of the issued and outstanding shares of the Company. On exercise of the warrants, TBC would own 32% of the issued shares of the Company. TBC has the right to require Los Andes to first offer to TBC and/or to TBC nominees the right to purchase a pro rata share of any new securities to be issued or sold by the Company at the same price and on the same terms offered on such securities.

Results of Operations

Year Ended September 30, 2011

Financial Review

The Company incurred a net loss of \$704,573 or \$0.01 per share in fiscal 2011 (fiscal 2010: net loss of \$436,375 or \$0.01 per share).

In fiscal 2011, the Company posted a future income tax recovery of \$105,687 (fiscal 2010: income tax expense of \$92,856), 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. As of September 30, 2011, the future income tax recovery does not represent an actual cash tax recovery, and the Company’s future income tax liability of \$10,902,637 does not represent an amount due by the Company to tax authorities in Canada or in Chile.

Also significant in fiscal 2011 were consulting, salaries and management fees of \$282,732 (fiscal 2010: \$241,038), professional fees of \$214,325 (fiscal 2010: \$136,835) and transfer agent, filing and regulatory fees of \$67,604 (fiscal 2010: \$19,019).

In fiscal 2011 the Company incurred interest expense of \$32,373 (fiscal 2010: \$63,388) in connection with deferrals for payments of water rights, property options and working capital loans. The Company also recorded a foreign exchange expense of \$58,707 (fiscal 2010: gain of \$164,603). Included as Other Items in fiscal 2011 are \$72,000 incurred as severance payment to a former officer of the Company.

In fiscal 2011, in addition to the TBC acquisition costs of \$37,347,880 described earlier in this MD&A, the Company incurred acquisition costs of \$627,225 (fiscal 2010: \$831,928) for option payments in respect of Vizcachitas, for total acquisition costs in the year of \$37,975,105.

The Company also incurred \$448,834 (fiscal 2010: \$270,366) in deferred exploration expenses, capitalized as mineral properties.

The breakdown of deferred exploration expenses is as follows:

	\$
Automobile and travel	14,065
Camp rehabilitation, maintenance and security	61,885
Core handling and storage	2,143
Exploration administration	188,687
Food and accommodation	12
Geological consulting	44,655
Other	10,116
Property and surface rights, taxes and tenure fees	114,569
Studies and other consulting	10,594
Supplies	2,108
	448,834

Project Description

The Vizcachitas Property includes 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.

Summary of Quarterly Results

	QUARTERS ENDED			
	September 30, 2011 \$	June 30, 2011 \$	March 31, 2011 \$	December 31, 2010 \$
Net income (loss)	(72,729)	(103,826)	(257,211)	(270,807)
Loss Per Share ⁽¹⁾	-	-	-	(0.01)
	September 30, 2010 \$	June 30, 2010 \$	March 31, 2010 \$	December 31, 2009 \$
Net income (loss)	(162,617)	(74,954)	(216,763)	17,959
Loss Per Share ⁽¹⁾	-	-	(0.01)	-

¹ Presented on an undiluted basis

Liquidity and Capital Resources

As at September 30, 2011 the Company had cash and cash equivalents of \$565,184 and working capital of \$238,501, compared to cash and cash equivalents of \$10,662 and a working capital deficiency of \$1,401,717 at September 30, 2010.

On December 21, 2010, as part of the TBC Transaction, Los Andes closed a private placement financing (the "December Financing") in the amount of \$2,600,000 through the issuance of 17,333,333 common shares at a price of \$0.15 per share. Net proceeds from the December Financing were \$2,489,089.

On March 4, 2011 the Company closed a private placement (the "March Financing") in the amount of \$935,000 through the issuance of 2,000,000 common shares at a price of \$0.4675 per share. The shares issued pursuant to the March Financing were subject to a hold period to July 5, 2011. Net proceeds from the March Financing were \$929,575.

Other financing activities included the net repayment of \$428,516 to a shareholder pursuant to a loan agreement (the "Amerigo Agreement") with Amerigo Resources Ltd. ("Amerigo") effective September 27, 2010, for amounts to be agreed upon by the Company and Amerigo. On September 30, 2010 Amerigo made an initial advance of US\$416,000 to the Company in accordance with the terms of the Amerigo Agreement. All advances made to the Company pursuant to the Amerigo Agreement were payable on demand, subject to an interest rate of 1% per month and secured by the Company's water rights. During the quarter ended December 31, 2010, the Company received US\$725,000 in further advances pursuant to the Amerigo Agreement, for total advances of US\$1,141,000. These advances together with accrued interest were repaid in full on receipt of proceeds from the Financing.

No share transactions took place during the year ended September 30, 2010.

In Q1-2011, the Company made a final cash payment of \$627,225 pursuant to the mineral property option the Company had to acquire a 100% interest in the Additional Concessions.

In fiscal 2011 the Company paid \$460,659 for deferred exploration costs (including the effect of changes in accounts payable for deferred exploration in the period). Also included in investing activities is an adjustment of \$62,982 for VAT tax credits, which are not classified as current assets as they are recoverable in the long-term.

During the year ended September 30, 2008 the Company entered into an agreement to purchase 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 payable on closing (paid), 25% or US\$1,062,500 originally due in January 2009 (paid) and the final 25% or US\$1,062,500 due in January 2010.

The Company renegotiated the terms of the final payment of US\$1,062,500 for the water rights. Under the revised payment terms, on January 28, 2010 the Company made a payment of US\$531,250 and agreed to pay the balance of US\$531,250 by November 30, 2010. The November 30, 2010 payment was deferred and subsequently paid on January 30, 2011.

As at September 30, 2011, the Company recorded a \$10,902,637 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 over their tax basis. This future income tax liability does not represent an amount currently owing by the Company to tax authorities in Canada or Chile.

Transactions with Related Parties

During the year ended September 30, 2011, the Company paid or accrued \$200,121 in management fees (2010: \$129,419), \$72,000 in management fees pursuant to severance to a former officer of the Company (2010: \$nil) \$49,584 in consulting fees (2010: \$82,000), \$33,037 in directors' fees (2010: \$29,500), \$4,144 in geological consulting fees (2010: \$15,356) and \$70,000 in legal fees (2010: \$35,351) to companies related to directors, officers and related parties of the Company.

Included in the accounts payable and accrued liabilities balance at September 30, 2011 is \$79,000 due to officers and directors, a former officer and related parties of the Company (2010: \$158,699).

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.

Refer to *Liquidity and Capital Resources* for additional information on a shareholder loan.

Fourth Quarter

During the quarter ended September 30, 2011 (Q4-2011) the Company deferred explorations costs were \$104,537, broken down as follows:

	\$
Automobile and travel	4,834
Camp rehabilitation, maintenance and security	18,779
Core handling and storage	570
Exploration administration	58,621
Geological consulting	9,170
Other	468
Property and surface rights, taxes and tenure fees	9,951
Studies and other consulting	1,513
Supplies	631
	104,537

In Q4-2010 the Company posted a loss of \$72,729 or \$nil per share. Significant items in the quarter were a future income tax recovery of \$105,687, a foreign exchange gain of \$38,530, professional fees of \$61,837 (legal fees and annual accrual of audit fees) and consulting, salaries and management fees of \$136,000.

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 issued a final ruling declaring this matter resolved as the natural course of the Rocin river had been naturally restored by rising river currents.

Also in 2008, a second claim for alleged illegal intervention of river beds of the Rocin river was also filed by the Municipality of Putaendo against CMV. CMV, through its Chilean legal counsel filed an answer to the claim.

Although the final DGA decision on this second claim is pending, the Company expects it to be resolved on the same terms and for the same reason as in the first claim.

No amounts have been recorded by the Company in respect of the unresolved claim, as the amounts, if any, are not determinable.

Subsequent Events

Subsequent to September 30, 2011, the Company closed a non-brokered private placement financing in the amount of \$760,000 through the issuance of 2,000,000 common shares at a price of \$0.38 per share. The common shares issued in the financing are subject to a hold period of four months and one day expiring on May 1, 2012.

Critical Accounting Estimates

There were no changes to the Company’s critical accounting estimates in the year ended September 30, 2011. The Company’s critical accounting estimates are related to the physical and economic lives of mineral assets, and their recoverability.

International Financial Reporting Standards (“IFRS”) Implementation Plan

On February 13, 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed the mandatory changeover date to IFRS for Canadian profit-orientated publicly accountable entities (“PAEs”). The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. The Company has a September 30 year-end, thus the first unaudited interim financial statements under IFRS will be for the quarter ending December 31, 2011, with comparative financial information for the quarter ending December 31, 2010. The first audited financial statements will be for the year ending September 30, 2012, with comparative financial information for the year ending September 30, 2011.

The Company believes that the adoption of IFRS will not have a major effect on its overall operations, except for the requirement for additional resources (external) to review the presentation and disclosure requirements of the Company’s financial statements in fiscal 2012. The Company will be able to continue using its current information technology platforms.

The Company early adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1582 “Business Combinations” during the year ended September 30, 2011, to account for the TBC Transaction. Section 1582 requires additional use of fair value measurements and recognition of additional assets and liabilities and is a standard aligned with IFRS. By early adopting Section 1582, the Company has eliminated the risk to re-measure the TBC Transaction on adoption of IFRS.

The Company has identified key areas affected by the conversion to IFRS: impairment analysis and future income tax liability.

The functional currency of the parent company will be the Canadian dollar; the functional currency of Chilean subsidiaries will be the Chilean peso and the Company’s presentation currency will continue to

be the Canadian dollar. The translation of the financial statements of each company in the group to Canadian dollars for presentation purposes under IFRS will be as follows: All assets and liabilities will be translated at closing rates (as opposed to the translation under Canadian GAAP where non-monetary assets and liabilities are translated at historical rates) and income and expenses will be translated at average rates (as they are under Canadian GAAP), with all resulting exchange differences recognized as a separate component of equity (as opposed to including translation gains or losses in income as occurs under Canadian GAAP). The Company has elected to translate equity accounts at historical rates (under Canadian GAAP, historical rates are used), and not at current rates. The Company's choice of using historical rates translation of its equity accounts will have no impact on total equity as the resulting exchange differences will be recognized in a separate component of equity.

Impairment requirements are more stringent under IFRS than under Canadian GAAP. Annual impairment testing will be required in respect of the Company's mineral properties.

The Company has considered the potential effect of share based payments under IFRS and has concluded that there will be no impact on its financial statements on adoption of IFRS, as there were no options granted by the Company which vest beyond the fiscal year in which they are granted. Under IFRS, the concept of "graded vesting" frontloads the stock based compensation expense for options granted such that the expense is higher in initial quarters and reduces as options vest, as opposed to "straight line vesting" under Canadian GAAP. The calculation of the underlying fair value under both IFRS and Canadian GAAP is the same and the changes are only with respect to the timing of the allocation of the resulting cost as options vest.

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.

There were no changes in the Company's internal control over financial reporting during the year ended September 30, 2011 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 27, 2012, the Company has outstanding 149,932,599 common shares, 13,000,000 warrants with an exercise price of \$0.15 per share and 100,000 stock options (at a price of \$0.50 per share).

Additional information is available on 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.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.