



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.
Management Discussion & Analysis
For the Quarter and Six Months Ended March 31, 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 May 28, 2011 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto prepared as at March 31, 2011 and the Company's audited consolidated financial statements and the notes thereto prepared as at September 30, 2010.

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, 2011 ("Q1-2011") the Company posted a loss of \$257,211. The Company completed a private placement of gross proceeds of \$935,000, the second financing completed by the Company in the current fiscal year. The Company also made the final payment, in the amount of \$531,569, for water rights it purchased in 2008.

The Company's cash and cash equivalents and working capital at March 31, 2011 were \$1,171,657 and \$780,035 respectively, compared to cash and cash equivalents of \$10,662 and a working capital deficiency of \$1,401,717 at September 30, 2010.

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.

On August 1, 2008, Teck Resources Limited acquired all the shares of Global and, pursuant to a plan of arrangement, the 6,280,000 shares, 3,900,000 share purchase warrants and the net smelter royalties were transferred to Lumina Copper Corp., a company listed on the TSX-V.

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 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. 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.

During the quarter ended December 31, 2010, The Company completed the consolidation of the Vizcachitas property through the acquisition (the "TBC Transaction") from Turnbrook Corporation ("TBC") of all of the issued and outstanding securities of Gemma Properties Group Limited ("GPGI"). GPGI 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 Los Andes. 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, Los Andes issued to TBC 35,000,000 common shares in the capital stock of Los Andes at a deemed price of \$0.15 per share, together with 13,000,000 warrants to purchase Los Andes common shares, exercisable at a price of \$0.15 per share to December 21, 2013. All shares issued to TBC, including those shares issuable on exercise of the warrants, were subject to a hold period from the date of issuance to April 22, 2011. TBC currently owns 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.

Results of Operations

Quarter Ended December 31, 2010

Financial Review

The Company's net loss was \$257,211 or \$nil per share in Q2-2011 (Q2-2010: net loss of \$216,763 or \$0.01 per share).

The most significant items in the Company's statement of operations in Q2-2011 were consulting and management fees of \$91,011 (Q2-2010: \$46,975), professional fees of \$36,849 (Q2-2010: \$23,980) and transfer agent, filing and regulatory fees of \$17,010 (Q2-2010: \$11,115).

Consulting and management fees increased in connection with a severance payment to a former consultant and monthly fees paid to new members of management. Professional fees increased in Q2-2011 due to higher legal fees incurred in the period. Transfer and regulatory fees increased in the quarter due to higher annual fees paid to the TSX Venture Exchange and additional regulatory costs incurred in connection with the recent changes in management of the Company.

The Company incurred deferred exploration expenses of \$147,148 in the quarter, capitalized as mineral properties. Payments for deferred exploration in Q2-2011 were \$161,752, which include changes in accounts payable for deferred exploration during the quarter.

Deferred exploration expenses incurred in the quarter were:

	<u>\$</u>
Automobile and travel	4,974
Camp rehabilitation, maintenance and security	12,994
Core handling and storage	510
Exploration administration	48,157
Geological consulting	1,381
Other	2,763
Property & surface rights, taxes and tenure fees	76,369
	<u>147,148</u>

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.

Six Months Ended December 31, 2010

The Company's net loss was \$528,018 or \$nil per share in the six months ended March 31, 2011 ("YTD-2011"), compared to a net loss of \$198,804 or \$nil per share in the six months ended March 31, 2010 (YTD-2010).

The most significant items in the Company's statement of operations YTD-2011 were consulting and management fees of \$143,136 (YTD-2010: \$90,169), professional fees of \$127,414 (YTD-2010: \$49,981) and transfer agent, filing and regulatory fees of \$58,230 (YTD-2010: \$13,035).

Consulting and management fees increased in connection with a severance payment to a former consultant and monthly fees paid to new members of management starting in January 2011. Professional fees are higher as they include legal fees incurred in connection with the consolidation of the Vizcachitas property that was completed in Q1-2011. Transfer and regulatory fees increased due to higher annual fees paid to the TSX Venture Exchange and additional regulatory costs incurred in connection with the recent changes in management of the Company.

The Company incurred deferred exploration expenses of \$202,156 YTD-2011, capitalized as mineral properties. Payments for deferred exploration YTD-2011 were \$188,534, which include changes in accounts payable for deferred exploration during the quarter. The Company also incurred acquisition costs of \$4,252,021 in connection with the consolidation of the Vizcachitas property YTD-2011.

Summary of Quarterly Results

	QUARTERS ENDED			
	March 31, 2011	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010
Earnings (Loss)	(257,211)	(270,807)	(162,617)	\$ (74,954)
Earnings (Loss) Per Share ⁽¹⁾	-	-	-	-
	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009
Earnings (Loss)	\$ (216,763)	\$ 17,959	\$ (572,975)	\$ 33,413
Earnings (Loss) Per Share ⁽¹⁾	(0.01)	-	(0.03)	-

¹ Presented on an undiluted basis

Liquidity and Capital Resources

The Company's cash and cash equivalents and working capital at March 31, 2011 were \$1,171,657 and \$780,035 respectively, 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 Los Andes completed the consolidation of the Vizcachitas property and 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 are 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 loans made to the Company in amounts 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 further advances pursuant to the Amerigo Agreement of US\$725,000, for total advances of US\$1,141,000. These advances together with accrued interest were repaid in full on receipt of proceeds from the December 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 a mineral property option which allowed the Company to acquire a 100% interest in the Additional Concessions.

YTD-2011 the Company has paid \$188,534 for deferred exploration costs (including the effect of changes in accounts payable for deferred exploration in the period). Included in investing activities is an adjustment of \$78,363 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 March 31, 2011 and September 30, 2010, the Company recorded a \$4,659,184 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 due by the Company to tax authorities in Canada or Chile.

Transactions with Related Parties

During the quarter ended March 31, 2011, the Company paid or accrued \$59,427 in management fees (quarter ended March 31, 2010: \$26,725), \$31,584 in consulting fees (quarter ended March 31, 2010: \$15,000), \$Nil in directors' fees (quarter ended March 31, 2010: \$5,250), \$1,381 in geological consulting fees (quarter ended March 31, 2010: \$5,250) and \$7,500 in legal fees (quarter ended March 31, 2010: \$6,741) to companies related to directors, officers and related parties of the Company.

Included in the accounts payable and accrued liabilities balance at March 31, 2011 is \$12,880 due to officers and directors and related parties of the Company (September 30, 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.

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. The final DGA ruling declared this matter resolved as the natural course of the Rocin River had been naturally restored by rising river currents.

A second claim for alleged illegal intervention of water rights was also filed by the Municipality of Putaendo against CMV. The DGA also ruled in favour of CMV in this claim but the final DGA ruling has still not been published.

Critical Accounting Estimates

There were no changes to the Company's critical accounting estimates during the quarter ended March 31, 2011. The most significant estimates are related to the physical and economic lives of mineral assets, and their recoverability and to the Company's future income tax liability.

Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

International Financial Reporting Standards ("IFRS")

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 30, 2011, with comparative financial information for the quarter ending December 30, 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 although it is anticipated that the conversion effort may require additional resources (external) to assist with the documentation process and that disclosure requirements will increase substantially on an ongoing basis. The Company will be able to continue using its current information technology platforms.

The Company has identified key areas affected by the conversion to IFRS: impairment analysis and measurement of stock-based compensation.

The functional currency of the parent company will be the Canadian dollar. Subsidiaries will need to determine and document their own functional currencies and the Company's presentation currency will continue to be the Canadian dollar. For presentation purposes, under IFRS the translation of the financial statements of each company in the group to Canadian dollars will be completed 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 (historical rates are used under Canadian GAAP), 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 could be an impact on its financial statements on adoption of IFRS if options granted by the Company 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.

Other MD&A Requirements

As of May 28, 2011, the Company has outstanding 147,932,599 common shares, 13,000,000 warrants exercisable at \$0.15 per share and 100,000 stock options exercisable at \$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.