



**LOS ANDES COPPER** Ltd.

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**LOS ANDES COPPER LTD.  
Management's Discussion and Analysis ("MD&A")  
For the Year Ended September 30, 2015**

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, 2016 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended September 30, 2015 ("fiscal 2015") and September 30, 2014 ("fiscal 2014").

The financial information presented herein is expressed in Canadian dollars, except where noted.

The Company's financial statements are reported under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

***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 is the owner of the Vizcachitas porphyry copper-molybdenum project, located 120 km north of Santiago, Region V, Chile. Based on 40,383 meters of drilling in 146 diamond drill holes, the project contains an indicated resource of 1,038 M tonnes grading 0.373% copper and 0.012% molybdenum, and an additional inferred resource of 318 M tonnes grading 0.345% Cu and 0.013% Mo at a 0.3% copper equivalent cut-off. Please refer to **Project Description** for further details on the project.

Los Andes also has ownership of non-consumptive water rights over a section of the Rocin River, Putaendo, Fifth Region, Chile, together with the engineering and other studies and reports for the development of a run-of-river hydroelectric power generation facility (the "Hydroelectric Facility") on the Rocin River. The Company is party to an agreement to develop and finance the Hydroelectric Facility, which is expected to have an installed capacity of 28 to 30 MW

***Overall Performance***

In fiscal 2015 the Company incurred a loss of \$3,328,138 or \$0.02 per share, compared to a loss of \$1,751,849 or \$0.01 per share in fiscal 2014.

During fiscal 2015, the Company incurred deferred development costs of \$704,481 (2014: \$727,607).

The Company's cash and cash equivalents and working capital at September 30, 2015 were \$1,162,515 and \$981,773 respectively, compared to cash of \$42,191 and a working capital deficiency of \$1,276,185 at September 30, 2014.

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**Selected Annual Information**

	Year ended September 30, 2015 (IFRS)	Year ended September 30, 2014 (IFRS)	Year ended September 30, 2013 (IFRS)
Total revenue	\$ -	\$ -	\$ -
Net loss	(3,328,138)	(1,751,849)	(806,130)
Basic and diluted loss per share	(0.02)	(0.01)	(0.00)

	At September 30, 2015	At September 30, 2014	At September 30, 2013
Total assets	\$79,909,518	\$77,337,696	\$70,127,242
Total long-term liabilities	5,338,981	2,868,621	1,806,200
Cash dividends declared	-	-	-

**The Vizcachitas Property**

In 2007, the Company acquired all of the issued and outstanding shares of Vizcachitas Limited, a company that at that time directly and indirectly owned the following assets that comprised a majority interest in the claims making up the Vizcachitas Property (the "Initial Acquisition"):

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. 30 mining rights (the "Mining Rights"), of which 27 were existing exploitation mining concessions encircling the SJ Concessions and 3 were exploration mining concessions in process of constitution (exploration claims); and
3. 5 additional exploitation mining concessions (the "Additional Concessions"), which also encircle the SJ Concessions, and were subject to an option agreement completed in 2010.

The SJ Concessions, the Mining Rights and the Additional Concessions are collectively 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.

In 2010, the Company completed the consolidation of the Vizcachitas Property through the acquisition from Turnbrook Corporation ("TBC") of all of the issued and outstanding securities of Gemma Properties Group Limited who indirectly owned 49% of the issued and outstanding shares of the San Jose SLM. With this transaction, the entire resource contained in the Vizcachitas property came under unified ownership. In accordance with the terms and conditions of this transaction, the Company issued to TBC 35,000,000 common shares in the capital stock of the Company and 13,000,000 warrants to purchase common shares of the Company. The warrants were exercised in the year ended September 30, 2012.

Pursuant to a subscription agreement dated December 22, 2014 between TBC and Turnbrook Mining Limited ("TBML"), TBC subscribed for 66,150,877 common shares in the capital of TBML for consideration consisting of all of the 50,786,039 common shares in the capital of the Company owned by

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TBC at that date. As at September 30, 2015, TBML owns a total of 111,802,194 or approximately 51.6% of the common shares of the Company (see ***Rocin River Hydroelectric Project*** and ***Liquidity and Capital Resources***). TBC is the controlling shareholder of TBML, and TBC no longer has direct ownership of any of the Company's common shares

### ***Rocin River Hydroelectric Project***

On January 22, 2014, Los Andes received approval from the TSX-V for the acquisition by the Company from TBML of non-consumptive water rights over a section of the Rocin River, Putaendo, Fifth Region, Chile, together with the engineering and other studies and reports for the development of a hydroelectric facility (the "Hydroelectric Facility").

Consideration for the acquisition consisted of 37,500,000 Los Andes shares, valued at a share price of \$0.22, for total consideration of \$8,250,000.

The Rocin River water rights and associated studies are indirectly held by the Company's subsidiary Rocin SPA ("Rocin"). In June 2014, Rocin entered into an agreement (the "Agreement") with Icafal Inversiones S.A. ("Icafal") for the development and financing of the Hydroelectric Facility with an expected installed capacity of 28 to 30 MW on the Rocin River. Rocin has in turn incorporated a subsidiary (the "Rocin Subsidiary") to own, develop, build and operate the Hydroelectric Facility. As of September 30, 2015, 1.90% of the issued and outstanding shares of the Rocin Subsidiary had been sold to various arms-length parties for proceeds of US\$250,000.

Icafal is the investment subsidiary of Icafal S.A., one of the leading engineering and construction conglomerates in Chile ([www.icafal.cl](http://www.icafal.cl)). Icafal S.A. has been in operation for more than 30 years, has 2,800 employees and annual revenues in excess of US\$200 million. Icafal has vast experience in the design and construction of infrastructure, water management and hydroelectric facilities, including the construction of run-of-river hydroelectric plants of a similar configuration as the planned Hydroelectric Facility.

The main terms of the Agreement are:

1. Rocin agreed to incorporate the Rocin Subsidiary to own, develop, build and operate the Hydroelectric Facility and transfer its Rocin River water rights and associated studies to the Rocin Subsidiary;
2. Icafal agreed to make an investment of US\$7.5 million (the "Total Investment") in shares of the Rocin Subsidiary;
3. US\$2 million of the Total Investment is currently being used to finance the pre-construction development of the Hydroelectric Facility;
4. The remaining US\$5.5 million will be used to partially finance construction, and will be invested by Icafal once the Rocin Subsidiary has obtained all required permits and construction and other material contracts are in place;
5. Icafal will be entitled to a 36.3% interest in the Rocin Subsidiary after it has made the Total Investment;
6. The Rocin Subsidiary and Icafal have agreed to enter into a fixed price contract for the initial development of the Hydroelectric Facility.

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A number of power projects in Chile, in particular large-scale hydro and thermal plants, have been suspended in recent years, mainly due to resistance from local communities and environmental groups and difficulties in securing environmental approvals. The Chilean government's strategy for the development of the power sector is to prioritize the development of renewable energies, including small to mid-size run-of-river hydroelectric plants such as the Hydroelectric Facility.

The Company estimates that development and construction of the Hydroelectric Facility will take approximately 3 to 4 years to complete. Once in operation, the Hydroelectric Facility is expected to generate operating cash flow sufficient to cover the Company's working capital needs and a portion of the exploration and feasibility work for the Vizcachitas project. The Hydroelectric Facility is also expected to ultimately provide a portion of the power requirements for the Company's mining operations.

### ***Financial Review***

The Company incurred a net loss of \$3,328,138 or \$0.02 per share in fiscal 2015 (fiscal 2014: net loss of \$1,751,849 or \$0.01 per share).

The Company incurred \$625,318 in general and administrative expenses in fiscal 2015 (fiscal 2014: \$554,957), of which the most significant expenses included consulting, salaries and management fees of \$338,238 (2014: \$334,836), share-based compensation of \$84,037 (2014: \$nil) and professional fees of \$78,169 (2014: \$114,283).

Also in fiscal 2015, the Company incurred \$270,326 (2014: \$161,355) in expenses associated with the hydro-electric project, including \$122,872 (2014: \$94,854) in professional fees and \$112,397 (2014: \$64,229) in studies.

In Fiscal 2015 the Company recorded a \$92,598 gain on sale of a non-controlling interest in the Rocin Subsidiary (2014: \$55,533).

In fiscal 2015 the Company recorded income tax expense of \$2,470,360 (2014: \$1,062,421) in connection with adjustments to the Company's deferred tax liability, which results from the difference between the carrying value in the financial statements and the tax basis of unproven mineral right interests.

Under other comprehensive loss, the Company recorded a gain in respect of a foreign exchange translation allowance of \$584,192 in fiscal 2015 (2014: loss of \$1,516,858).

The Company incurred \$704,481 in deferred exploration expenses, capitalized as unproven mineral right interests (2014: \$727,607).

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The breakdown of deferred exploration expenses incurred in fiscal 2015 and 2014 is as follows:

	2015	2014
	\$	\$
Automobile and travel	20,424	9,496
Camp rehabilitation, maintenance and security	179,214	164,316
Exploration administration	262,152	236,203
Geological consulting	110,796	98,158
Other	8,923	6,713
Property and surface rights, taxes and tenure fees	119,996	143,683
Studies and other consulting	2,976	69,038
	<u>704,481</u>	<u>727,607</u>

***Vizcachitas 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.

On February 18, 2014, the Company filed a PEA and an updated resource estimate on the Vizcachitas Property that resulted in an increase in indicated resources from the June 9, 2008 mineral resources estimate. The PEA can be accessed from the Company's website and under the Company's [www.sedar.com](http://www.sedar.com) profile. Additional information about the Vizcachitas project is available on the Company's website at [www.losandescopper.com](http://www.losandescopper.com).

The updated estimate was based on a total of 146 drill holes and 40,383 metres drilled, including a total of 16 drill holes and 5,128 metres of drilling completed after the June 9, 2008 estimate.

At a 0.3 % copper equivalent (Cu Eq) cut-off, the Indicated Resources are 1,038 Mt at 0.434 % Cu Eq (0.373 % copper and 0.012 % molybdenum), containing an estimated 8.5 billion pounds of copper and 281 million pounds of molybdenum, and the Inferred Resources are 318 Mt at 0.405 % Cu Eq (0.345 % copper and 0.013 % molybdenum) containing an estimated 2.4 billion pounds of copper and 88 million pounds of molybdenum.

The Mineral Resource estimates for different cut-off grades with an effective date of September 9, 2013 are shown in the tables set out below:

**INDICATED**

<b>Cut-Off (Cu Eq %)</b>	<b>Tonnage Mt</b>	<b>Cu Eq %</b>	<b>Cu Grade %</b>	<b>Mo Grade %</b>	<b>Cu Mlb</b>	<b>Mo Mlb</b>
0.20	1,317	0.396	0.341	0.011	9,913	318
0.25	1,191	0.414	0.356	0.012	9,353	305
<b>0.30</b>	<b>1,038</b>	<b>0.434</b>	<b>0.373</b>	<b>0.012</b>	<b>8,539</b>	<b>281</b>
0.35	824	0.462	0.396	0.013	7,201	240
0.40	566	0.501	0.431	0.014	5,374	179
0.45	368	0.543	0.467	0.015	3,788	125
0.50	244	0.588	0.509	0.016	2,515	79

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**INFERRED**

<b>Cut-Off (Cu Eq %)</b>	<b>Tonnage Mt</b>	<b>Cu Eq %</b>	<b>Cu Grade %</b>	<b>Mo Grade %</b>	<b>Cu Mlb</b>	<b>Mo Mlb</b>
0.20	521	0.343	0.296	0.010	3,407	111
0.25	404	0.376	0.322	0.011	2,873	101
<b>0.30</b>	<b>318</b>	<b>0.405</b>	<b>0.345</b>	<b>0.013</b>	<b>2,415</b>	<b>88</b>
0.35	212	0.443	0.372	0.015	1,734	70
0.40	130	0.488	0.402	0.018	1,152	51
0.45	76	0.533	0.428	0.022	714	36
0.50	40	0.584	0.466	0.024	415	22

- Copper equivalent grade has been calculated using the following expression:  $Cu\ Eq\ (\%) = CuT\ (\%) + 4.95 \times Mo\ (\%)$ , using the metal prices: \$ 2.75 / lb. Cu and \$13.6 / lb. Mo.
- Small discrepancies may exist due to rounding errors.
- The quantities and grades of reported Inferred Mineral Resources are uncertain in nature and further exploration may not result in their upgrading to Indicated or Measured status.
- Mineral Resources are reported within a Whittle pit shell based on: Mine Cost - 2.25 USD/t, Process Cost - 6.94 USD/t, Copper Price - 3.00 USD/lb, Molybdenum Price - 13.6 USD/lb. Conc. Copper Sales Cost - 0.5537 USD/lb., Conc. Molybdenum Sales Cost - 1.60 USD/lb., Recovery Copper - 90 %, Recovery Molybdenum - 60 %, Slope Angles - 42° to 47°.

PEA Highlights

The PEA evaluated four mining scenarios feeding flotation facilities with a throughput of 44 ktpd, 88 ktpd, 176 ktpd and 88 ktpd with a step up in production to a final throughput of 176 ktpd. The 176 ktpd case was selected to be the base case as it produced the highest net present values (NPV).

The results are presented with the inclusion of the Hydroelectric Facility as described in and as of the date of the Filing Statement filed on SEDAR on November 29, 2013.

The base case has a life of mine of 28 years, total capital expenditures of \$3.61 billion, and considered flat projected copper prices of \$2.75/lb and molybdenum prices of \$13.64/lb.

On a pre-tax basis, the base case results in an NPV of \$746 million, internal rate of return (IRR) of 11.4%, and an estimated payback period from initial commercial operations (Payback Period) of 5.9 years. On an unlevered after-tax basis, the base case results in an NPV of \$274 million, IRR of 9.5%, and a Payback Period of 6.0 years.

**Note: The PEA is considered preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.**

An updated National Instrument 43-101 ("NI 43-101") compliant Technical Report on the Vizcachitas Copper Molybdenum Porphyry Project has been filed on [www.sedar.com](http://www.sedar.com) and on the Company's website and was authorized by the following independent Qualified Persons:

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- John Wells BSc, MBA, FSAIMM.
- Manuel Hernández, BSc, FAusIMM.
- Porfírio Cabaleiro, BSc, MAIG.
- Román Flores, BSc, Registered Member of Chilean Mining Commission.

Antony J. Amberg, M.Sc., CGeol., a qualified person as defined by NI 43-101, supervised the preparation of the technical information in this MD&A.

**Summary of Quarterly Results**

	<b>QUARTERS ENDED</b>			
	<b>Sept. 30, 2015</b>	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>Dec. 31, 2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss	(2,875,976)	(211,969)	364	(240,557)
Loss per share <sup>(1)</sup>	(0.02)	-	-	-

  

	<b>Sept. 30, 2014</b>	<b>June 30, 2014</b>	<b>March 31, 2014</b>	<b>Dec. 31, 2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss	(1,271,459)	(107,643)	(237,824)	(134,923)
Loss per share <sup>(1)</sup>	(0.01)	-	-	-

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

**Liquidity and Capital Resources**

As at September 30, 2015 the Company had cash and cash equivalents of \$1,162,515 and working capital of \$981,773, compared to cash and cash equivalents of \$15,853 and a working capital deficiency of \$1,276,185 at September 30, 2014.

On September 29, 2015, Los Andes closed the first tranche of a financing of \$1,469,462 in total proceeds, including \$1,324,080 in gross proceeds from a non-brokered private placement and \$145,382 pursuant to shares for debt settlement agreements with an insider shareholder and four directors of the Company. All shares were issued at a price of \$0.22 per share. A total of 6,018,545 shares were issued to the Company's controlling shareholder, TBML, in accordance with the terms of the private placement, and a total of 660,827 shares were issued to Zeitler Holdings Corp. ("ZHC", the management company of the Chairman of Los Andes) and four directors of Los Andes in full and final settlement of amounts owing to each of ZHC and the four directors. In accordance with the settlement agreements, \$60,332 of fees owing to the Los Andes directors and \$85,050 owing to ZHC were settled through the issue of the 660,827 settlement shares. These shares are subject to hold periods under applicable Canadian securities laws expiring on January 29 and January 31, 2016. Subsequent to September 30, 2015, the Company closed the second tranche of this financing.

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On January 27, 2015, Los Andes closed a financing of \$2,102,587 in total proceeds, including \$1,450,000 in gross proceeds from a non-brokered private placement and \$652,587 pursuant to shares for debt settlement agreements with two insider shareholders of the Company. All shares were issued at a price of \$0.22 per share. A total of 6,590,909 shares were issued to the Company's controlling shareholder, TBML, in accordance with the terms of the private placement, and a total of 2,966,306 shares were issued to TBML and ZHC in full and final settlement of amounts owing to each of TBML and ZHC. In accordance with the settlement agreements, \$608,487 of interest and principal owing to TBML pursuant to loans made by TBML to Los Andes, and \$44,100 owing to ZHC were settled through the issue of the 2,966,306 settlement shares.

During the year ended September 30, 2014, the Company issued 37,500,000 Los Andes shares (\$8,250,000) in connection with the Hydroelectric Facility acquisition.

In fiscal 2014 Los Andes received various working capital loans, disclosed in the following paragraphs.

Los Andes received unsecured US\$500,000 working capital loans from TBML, subject to an interest rate of 0.5% per month compounded annually not in advance, both before and after maturity or default. On January 27, 2015, the TBML loans and accrued interest of US\$26,487 amounted to \$654,949. Los Andes and TBML entered into a share for debt settlement agreement pursuant to which a total of 2,765,851 Settlement Shares were issued by Los Andes to TBML at a price of \$0.22 per share, for total consideration of \$608,487. The Company recorded a gain on settlement of debt of \$46,462.

Los Andes also received an unsecured US\$25,049 working capital loan from Karlsson Corporation, at that time an unrelated party, subject to an interest rate of 0.5% per month compounded annually not in advance, both before and after maturity or default. The loan and accrued interest of US\$263 were repaid in cash by Los Andes on January 7, 2015.

In fiscal 2015, the Company incurred \$739,424 (2014: \$725,174) in deferred exploration costs (including the effect of changes in accounts payable for deferred exploration in the period). Also included in investing activities is \$85,083 for VAT tax credits (2014: \$79,372), a component of unproven mineral right interests, and in 2014, \$378 for purchase of equipment.

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

As at September 30, 2015, the Company's related parties consist of five companies controlled by the Company's President and CEO, a Company director, the Company's Chairman, the Company's Chief Financial Officer ("CFO") and the Company's Corporate Secretary.

	Nature of Transaction
Karlsson Corporation	Geological Consulting
Kasheema International Ltd.	Management
Zeitler Holdings Corp	Management
Delphis Financial Strategies Inc	Management
Michael J. Kuta Law Corporation	Legal Services

The Company entered into the following transactions with related parties:

- i. During the year ended September 30, 2015, the Company incurred management and consulting fees of \$311,238 (2014: \$308,336) for services payable to companies controlled by the Company's Chairman, President and CEO, CFO and a former director.



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- ii. During the year ended September 30, 2015, the Company incurred directors' fees of \$27,000 (2014: \$26,500).
- iii. During the year ended September 30, 2015, the Company incurred legal service fees of \$44,940 (2014: \$55,640) payable to a company controlled by the Company's Corporate Secretary.
- iv. During the year ended September 30, 2015, the Company incurred geological fees of \$41,971 (2014: \$nil) to a company controlled by the Company's President and CEO.
- v. Included in trade and other payables as at September 30, 2015 is \$70,630 owing to related parties (September 30, 2014: \$236,576).
- vi. Amounts due from and to related parties are unsecured, non-interest bearing and due on demand. These transactions occurred in the normal course of operations and were measured at fair value as determined by management.

**Fourth Quarter**

During the quarter ended September 30, 2015 ("Q4-2015") the Company's deferred explorations costs were \$344,970, broken down as follows:

	\$
Camp rehabilitation, maintenance and security	102,443
Exploration administration	144,768
Food and accomodation	4,620
Geological consulting	57,103
Property and surface rights, taxes and tenure fees	21,875
Studies and other consulting	1,838.00
Other	12,323
	<u>344,970</u>

In Q4-2015 the Company posted a loss of \$2,875,976 or \$nil per share. Significant general and administrative expenses in the quarter were share-based compensation of \$84,037, consulting, salaries and management fees of \$69,006 and professional fees of \$12,248. In Q4-2015 the Company incurred \$264,229 in expenses associated with the hydro-electric project, including \$20,365 in professional fees and \$30,251 in studies. The Company also recorded income tax expense of \$2,470,360 in connection with the adjustment to the Company's deferred tax liability.

**Commitments and contingencies**

One of the Company's Chilean subsidiaries has entered into a lease agreement for the lease of office premises in Santiago, Chile. The commencement date of the lease was July 1, 2012, for an initial two year term, which has been extended to June 30, 2016. The Company's share of basic rent commitments for the remaining term of the contract is approximately \$36,579.

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

The Company's significant accounting policies are summarized in Note 3 of its audited consolidated financial statements for the year ended September 30, 2015. The preparation of consolidated financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements.

The Company regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

Examples of significant estimates include:

- Carrying values of mineral right interests;
- Carrying values of equipment and depreciation rates for equipment;
- Valuation of deferred income taxes and allowances;
- Assumptions used to assess impairment of mineral right interests and equipment;
- Valuation of share-based payments.

Examples of significant judgments, apart from those involving estimates, include:

- The accounting policies, including impairment, for mineral right interests and equipment;
- Classification of financial instruments;
- Determination of functional currency.

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

As of January 27, 2016, the Company has outstanding 218,058,136 common shares and 1,425,000 stock options with an exercise price of \$0.50 per share.

Additional information is available on the Company's website at [www.losandescopper.com](http://www.losandescopper.com). To view the public documents of the Corporation, please visit the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### ***Subsequent Events***

Subsequent to September 30, 2015, Los Andes closed the second tranche of the September 2015 non-brokered private placement, which consisted of the issuance of 1,388,950 shares issued at a price of \$0.22 per share, for gross proceeds of \$305,569 and which included 1,333,950 shares issued to TBML. These shares are subject to a hold period under applicable Canadian securities laws expiring on March 27, 2016.

### ***Cautionary Statement on Forward Looking Information***

This MD&A contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this MD&A. These forward-looking statements include but are not limited to, statements concerning:

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- our strategies and objectives;
- prices and price volatility for copper and other commodities and of materials expected to be used in our operations;
- the demand for and supply of copper and other commodities and materials that we plan to produce and sell;
- our financial resources;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- decisions regarding the timing and costs of construction and production with respect to, and the issuance of, the necessary permits and other authorizations required for any proposed projects;
- our planned future production levels;
- potential impact of production and transportation disruptions;
- our planned capital expenditures and estimates of costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be or become involved; and
- general business and economic conditions.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral and hydroelectric projects such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, delays associated with permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of power and our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for hydroelectric and mining projects and properties; risks associated with lack of access to markets; risks associated with mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and commodities and products expected to be used in our operations;
- the timing of the receipt of permits and other regulatory and governmental approvals;
- changes in credit market conditions and conditions in financial markets generally;
- the availability of funding on reasonable terms;
- our ability to procure equipment and supplies in sufficient quantities and on a timely basis;

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Management's Discussion and Analysis  
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- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our projects;
- costs of closure of operations;
- market competition;
- the accuracy of our estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- our ability to obtain, comply with and renew permits in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.