

# **LOS ANDES COPPER LTD.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2016 and 2015  
UNAUDITED – PREPARED BY MANAGEMENT**

**(EXPRESSED IN CANADIAN DOLLARS)**

## **NOTICE**

The accompanying unaudited condensed interim financial statements of Los Andes Copper Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

**LOS ANDES COPPER LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION - UNAUDITED**  
(Expressed in Canadian Dollars)

	December 31, 2016 (\$)	September 30, 2016 (\$)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 9)	6,690,623	9,663
Trade and other receivables	4,588	1,565
Prepaid expenses and deposits	122,678	170,624
	6,817,889	181,852
<b>Non-current assets</b>		
Unproven mineral right interests (Notes 2, 3 and 7)	74,366,636	73,460,048
Hydro-electric project water rights (Note 4)	8,250,000	8,250,000
Equipment	72	112
	89,434,597	81,892,012
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 7)	594,160	1,352,366
Borrowings (Note 5)	297,644	472,882
	891,804	1,825,248
<b>Non-current liability</b>		
Deferred income tax	5,843,546	5,843,546
	6,735,350	7,668,794
<b>EQUITY</b>		
Share capital (Note 6)	96,501,093	91,297,107
Equity reserve (Note 6)	5,243,785	2,407,771
Deficit	(18,364,998)	(18,356,340)
Accumulated other comprehensive loss	(827,668)	(1,271,968)
Equity attributable to the owners of the Company	82,552,212	74,076,570
Non-controlling interest	147,035	146,648
	82,699,247	74,223,218
	89,434,597	81,892,012

**Nature and continuance of operations (Note 1)**

**Commitments and contingencies (Note 10)**

**Subsequent events (Note 11)**

On behalf of the Board:

"Klaus Zeitler"

Director

"Francisco Covarrubias"

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**LOS ANDES COPPER LTD.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS) - UNAUDITED**  
(Expressed in Canadian Dollars)

	Quarter ended December 31,	
	2016	2015
	(\$)	(\$)
<b>EXPENSES</b>		
<b>General and Administrative</b>		
Depreciation	-	2,687
Consulting, salaries and management fees (Note 7)	93,462	93,327
Office and administration	6,372	10,142
Professional fees	11,337	9,368
Shareholder communications	20,402	3,072
Transfer agent, filing and regulatory fees	2,483	7,675
	134,056	126,271
<b>Hydro-electric Project</b>		
Depreciation	41	39
Professional fees	(22,766)	11,701
Project supplies and expenses	3,029	6,799
Studies	(650)	29,153
	(20,346)	47,692
<b>Loss before other items</b>	(113,710)	(173,963)
<b>OTHER ITEMS</b>		
Foreign exchange gain (loss)	116,317	(9,910)
Interest expense	(10,888)	-
Interest income	10	208
	105,439	(9,702)
<b>Loss before income taxes</b>	(8,271)	(183,665)
<b>Net loss attributable to:</b>		
Owners of the Company	(8,658)	(182,759)
Non-controlling interest	387	(906)
<b>Net loss</b>	(8,271)	(183,665)
<b>Other comprehensive income</b>		
Cumulative translation allowance	444,300	22,567
	444,300	22,567
<b>Income (loss) and comprehensive income (loss) attributable to:</b>		
Owners of the Company	435,642	(160,192)
Non-controlling interest	387	(906)
<b>Income (loss) and comprehensive income (loss)</b>	436,029	(161,098)
<b>Basic and diluted loss per share</b>	-	-
<b>Weighted average number of shares outstanding</b>	224,758,136	217,197,591

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**LOS ANDES COPPER LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY - UNAUDITED**  
(Expressed in Canadian Dollars)

Common shares							
	No. of shares	Amount (\$)	Deficit (\$)	Equity Reserve (\$)	Accumulated Other Comprehensive Loss (\$)	Non- Controlling Interest (\$)	Shareholders' Equity (\$)
Balance - October 1, 2015	216,669,186	90,991,538	(17,156,665)	2,404,891	(2,171,082)	150,907	74,219,589
Private placement (Note 6)	1,388,950	305,569	-	-	-	-	305,569
Net loss	-	-	(182,759)	-	-	(906)	(183,665)
Cumulative translation allowance	-	-	-	-	22,567	-	22,567
Balance - December 31, 2015	218,058,136	91,297,107	(17,339,424)	2,404,891	(2,148,515)	150,001	74,364,060
Share-based compensation	-	-	-	2,880	-	-	2,880
Net loss	-	-	(1,016,916)	-	-	(3,353)	(1,020,269)
Cumulative translation allowance	-	-	-	-	876,547	-	876,547
Balance - September 30, 2016	218,058,136	91,297,107	(18,356,340)	2,407,771	(1,271,968)	146,648	74,223,218
Balance - October 1, 2016	218,058,136	91,297,107	(18,356,340)	2,407,771	-1,271,968	146,648	74,223,218
Private placement (Note 6)	26,800,000	5,203,986	-	2,836,014	-	-	8,040,000
Net loss (income)	-	-	(8,658)	-	-	387	(8,271)
Cumulative translation allowance	-	-	-	-	444,300	-	444,300
Balance - December 31, 2016	244,858,136	96,501,093	(18,364,998)	5,243,785	(827,668)	147,035	82,699,247

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**LOS ANDES COPPER LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS - UNAUDITED**  
(Expressed in Canadian Dollars)

	Quarter ended December 31,	
	2016	2015
	(\$)	(\$)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(8,271)	(183,665)
Items not affecting cash:		
Depreciation	41	2,726
Interest expense	4,579	-
Change in non-cash working capital items:		
Trade and other receivables	(3,023)	715
Prepaid expenses and deposits	47,946	49,461
Trade and other payables	(452,899)	(867)
<b>Net cash used in operating activities</b>	<b>(411,627)</b>	<b>(131,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares (Note 6)	8,040,000	305,569
Repayment of borrowings	(186,391)	-
<b>Net cash provided by financing activities</b>	<b>7,853,609</b>	<b>305,569</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Unproven mineral right interests	(687,230)	(751,545)
<b>Net cash used in investing activities</b>	<b>(687,230)</b>	<b>(751,545)</b>
<b>Change in cash for the period</b>	<b>6,754,752</b>	<b>(577,606)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(73,792)</b>	<b>22,100</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>9,663</b>	<b>1,162,515</b>
<b>Cash and cash equivalents, end of period</b>	<b>6,690,623</b>	<b>607,009</b>

**Supplemental cash flow information (Note 9)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**LOS ANDES COPPER LTD.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

---

**1. REPORTING ENTITY AND BASIS OF PRESENTATION**

a) Reporting Entity

Los Andes Copper Ltd. ("Los Andes") is a company domiciled in Canada and its shares are listed on the TSX Venture Exchange ("TSX-V"). The Company's principal office is located at Suite 1260 - 355 Burrard Street, Vancouver, B.C. V6C 2G8, Canada. These condensed consolidated interim financial statements ("interim financial statements") of the Company as at and for the three months ended December 31, 2016 include the accounts of the Company and its subsidiaries.

The Company's principal business activities are the acquisition and exploration of mineral right interests and the development of a hydroelectric project in Chile.

b) Continuance of Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") applicable to a going concern, which assume that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has made an assessment of its ability to continue as a going concern and is aware of several material adverse conditions as set out below that cast significant doubt on the validity of this assumption.

The Company is involved in the acquisition and exploration of mineral right interests and the development of a hydroelectric project in Chile. At December 31, 2016, the Company did not have a source of ongoing operating cash flow. Operations in recent years have been funded from the issuance of share capital.

Given its current stage of operations, the Company's ability to continue as a going concern is heavily contingent upon its ability to obtain additional financing. If the Company is unable to obtain additional financing in the future, the carrying value of the Company's assets could be subject to material adjustments.

These interim financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

c) Statement of Compliance

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended September 30, 2016.

These interim financial statements were authorized for issue by the board of directors of the Company on March 1, 2017.

d) Significant Accounting Policies

These interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

**LOS ANDES COPPER LTD.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED**

**DECEMBER 31, 2016**

(Expressed in Canadian Dollars)

---

e) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those made by management in respect of the financial statements for the year ended September 30, 2016.

**2. 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 2014, TBC and Turnbrook Mining Limited ("TBML") entered into a subscription agreement whereby TBC subscribed for common shares in the capital of TBML for consideration consisting of all of the common shares in the capital of the Company owned by TBC at that date. As at December 31, 2016, TBML owns a total of 139,936,144 or approximately 57.1% of the common shares of the Company (Notes 4 and 6). TBC is the controlling shareholder of TBML, and TBC no longer has direct ownership of any of the Company's common shares.



**LOS ANDES COPPER LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED**

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

**3. UNPROVEN MINERAL RIGHT INTERESTS**

As at December 31, 2016, the Company had the right to a total of 68 exploration concessions and 38 exploitation concessions located in Region V, Chile. Title to mining right interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining right interests. The Company has investigated title to all of its mineral right interests and, to the best of its knowledge, all of its mineral right interests are in good standing.

	Total costs to September 30, 2015	Costs incurred in year ended Sept. 30, 2016	Total costs to Sept. 30, 2016	Costs incurred in quarter ended December 31, 2016	Total costs to December 31, 2016
<b>VIZCACHITAS</b>					
Acquisition costs	54,562,243	-	54,562,243	-	54,562,243
Water rights	4,122,611	-	4,122,611	-	4,122,611
VAT tax credits	1,612,742	212,024	1,824,766	40,621	1,865,387
Deferred exploration					
Automobile and travel	118,287	67,638	185,925	3,098	189,023
Assaying	139,658	47,717	187,375	-	187,375
Camp rehabilitation, maintenance and security	1,118,962	382,139	1,501,101	49,712	1,550,813
Core handling and storage	32,914	-	32,914	-	32,914
Drilling	3,477,236	531,485	4,008,721	-	4,008,721
Equipment and equipment rental	434,141	77,958	512,099	-	512,099
Exploration administration	1,561,305	378,304	1,939,609	191,439	2,131,048
Food and accommodation	188,014	50,796	238,810	2,180	240,990
Geological consulting	591,485	336,190	927,675	63,418	991,093
Other	66,957	5,352	72,309	-	72,309
Property & surface rights, taxes & tenure fees	992,744	135,306	1,128,050	8,608	1,136,658
Road repairs	34,105	-	34,105	-	34,105
Studies and other consulting	1,478,798	9,820	1,488,618	103,046	1,591,664
Subcontractors	1,269,366	-	1,269,366	-	1,269,366
Supplies	536,791	29,987	566,778	1,043	567,821
Sustainable development	29,501	-	29,501	-	29,501
	12,070,264	2,052,692	14,122,956	422,544	14,545,500
Exchange rate differences	(2,045,935)	873,407	(1,172,528)	443,423	(729,105)
	\$ 70,321,925	\$ 3,138,123	\$ 73,460,048	\$ 906,588	\$ 74,366,636

Included within unproven mineral right interests are:

- a) Water rights to a permanent, continuous and consumptive use of 250 liters per second flow from the Aconcagua River, located near the Vizcachitas Property, and
- b) VAT tax credits available in Chile, originating from deferred exploration expenses.

**LOS ANDES COPPER LTD.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

---

**4. THE ROCIN RIVER HYDROELECTRIC PROJECT**

In 2014, the Company acquired from TBML 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”).

The Rocin River water rights and associated studies are indirectly held by the Company’s subsidiary Rocin SPA (“Rocin”). In 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 in turn incorporated a subsidiary (the “Rocin Subsidiary”) to own, develop, build and operate the Hydroelectric Facility. As of December 31, 2016, 1.90% of the issued and outstanding shares of the Rocin Subsidiary had been sold to various 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. 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.

**LOS ANDES COPPER LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

**5. BORROWINGS**

- a) On February 1, 2016, Los Andes received an unsecured US\$200,000 working capital loan 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 July 7, 2016, the Company made a partial repayment of US\$15,000 in respect of this loan. At December 31, 2016, the TBML loan and accrued interest amounted to \$263,539. The TBML loan was repaid subsequent to December 31, 2016 (Note 11).
- b) On May 20, 2016, Compañía Minera Vizcachitas Holding (“CMVH”), a wholly-owned subsidiary of Los Andes, received a loan of 2,695.89 Chilean Unidades de Fomento (approximately \$131,300 on the date of grant of the loan) from an arms-length party. The loan was originally due on the thirtieth day after May 20, 2016 but the maturity date was automatically extended in subsequent periods of thirty days each, unless the lender notified CMVH otherwise, with notice to be provided at least ten days prior to the next loan maturity date. The loan was subject to an annual interest rate of 8% on the total amounts outstanding, payable at the time of repayment of the loan principal. Additional penalty charges applied if the loan was not paid within the prescribed time frame. The loan was repaid in the quarter ended December 31, 2016.
- c) On July 1, 2016, CMVH received a loan of 1,300 Chilean Unidades de Fomento (approximately \$49,786 on the date of grant of the loan) from an arms-length party. The loan was due on the sixtieth day after July 1, 2016 and the maturity date was automatically extended in subsequent periods of sixty days each, unless the lender notified CMVH otherwise, with notice to be provided at least ten days prior to the next loan maturity date. The loan was subject to an annual interest rate of 7% on the total amounts outstanding, payable at the time of repayment of the loan principal. Additional penalty charges applied if the loan was not paid within the prescribed time frame. The loan was repaid in the quarter ended December 31, 2016.
- d) On September 15, 2016, CMVH received a loan of US\$7,000 (approximately \$9,088 on the date of grant of the loan) from a Company director. The loan was due on thirtieth day after September 15, 2016 and the maturity date was automatically extended in subsequent periods of sixty days each, unless the lender notified CMVH otherwise, with notice to be provided at least ten days prior to the next loan maturity date. The loan was subject to an annual interest rate of 8% on the total amounts outstanding, payable at the time of repayment of the loan principal. Additional penalty charges applied if the loan was not paid within the prescribed time frame. The loan was repaid in the quarter ended December 31, 2016.
- e) On October 5, 2016, Los Andes received an unsecured US\$15,000 working capital loan from TBML, subject to an interest rate of 0.5% per month compounded annually not in advance, both before and after maturity or default. At December 31, 2016, the TBML loan and accrued interest amounted to \$20,490. The TBML loan was repaid subsequent to December 31, 2016 (Note 11).
- f) On October 25, 2016, Los Andes received an unsecured US\$15,000 working capital loan from TBML, subject to an interest rate of 0.5% per month compounded annually not in advance, both before and after maturity or default. At December 31, 2016, the TBML loan and accrued interest amounted to \$13,615. The TBML loan was repaid subsequent to December 31, 2016 (Note 11).

**LOS ANDES COPPER LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

**6. EQUITY****Capital**

## a) Share capital

Authorized share capital consists of an unlimited number of common shares without par value.

On December 8, 2016, Los Andes closed a non-brokered private placement raising \$8,040,000. The Company issued 26,800,000 units (the "Units") priced at \$0.30 per Unit. Each Unit consists of one common share of the Company (a "Unit Share") and one detachable share purchase warrant (a "Warrant") entitling the holder thereof to purchase one additional common share of the Company (a "Warrant Share") at a price of \$0.45 per Warrant Share for a period of three years. The Unit Shares, Warrants and Warrant Shares are subject to a hold period expiring on April 9, 2017.

On November 26, 2015, Los Andes closed the second tranche of a financing of \$305,569 in total proceeds from a non-brokered private placement. A total of 1,388,950 shares were issued at a price of \$0.22 per share, of which 1,333,950 shares were issued to TBML.

## b) Equity reserve

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based payments and share purchase warrants issued on acquisitions of unproven mineral rights.

No options were granted during the year ended September 30, 2016, or during the quarter ended December 31, 2016.

## c) Share options

The continuity of the number of share options outstanding is summarized as follows:

	Number of Options	Weighted Average Exercise Price (\$)
At start of the period	1,425,000	0.50
Granted	-	-
At end of period	1,425,000	0.50
Vested and exercisable	1,325,000	0.50

At December 31, 2016, the weighted average exercise price of options outstanding was \$0.50 (September 30, 2016: \$0.50) and their weighted average remaining contractual life was 2.85 years (September 30, 2016: 3.10 years).

## d) Warrants

On December 8, 2016, Los Andes issued 26,800,000 detachable Warrants entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.45 per Warrant Share for a period of three years.

**LOS ANDES COPPER LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

**6. EQUITY (continued)**

The continuity of the number of Warrants outstanding is summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
At start of the period	-	-
Granted	26,800,000	0.45
At end of period	26,800,000	0.45
Vested and exercisable	26,800,000	0.45

**7. RELATED PARTY TRANSACTIONS**

## a) Trading Transactions

The Company's related parties consist of a company controlled by a Company director, a company controlled by the Company's Chairman, a company controlled by the Company's President and Chief Executive Officer ("CEO") and a company controlled by the Company's Chief Financial Officer ("CFO").

	Nature of Transaction
Karlsson Corporation	Geological Consulting
Kasheema International Ltd.	Management
Zeitler Holdings Corp	Management
Delphis Financial Strategies Inc	Management

The Company incurred the following fees in the normal course of operations with companies controlled by key management and/or with directors. Transactions have been measured at the exchange amount which is determined on a cost recovery basis.

	For the three months ended December 31,	
	2016	2015
Management and consulting fees	\$ 88,462	\$ 88,327
Geological fees	30,218	30,321
Directors' fees	5,000	5,000
	\$ 123,680	\$ 123,648

Included in trade and other payables as at December 31, 2016 is \$26,500 (September 30, 2016: \$362,892) owing to related parties.

Amounts due from and to related parties are unsecured, non-interest bearing and due on demand.

**LOS ANDES COPPER LTD.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

**7. RELATED PARTY TRANSACTIONS (continued)**

## b) Key Management Compensation

The remuneration of members of key management during the quarters ended December 31, 2016 and 2015 is as follows:

	For the three months ended December 31,	
	2016	2015
Management, consulting and geological fees	\$ 118,680	\$ 118,648

**8. SEGMENTED INFORMATION**

At December 31, 2016, the Company had three reportable operating segments: mineral exploration, hydroelectric project and corporate, and has operations in two geographical areas, Canada and Chile.

**Operating segments**

	Three months ended December 31,	
	2016	2015
Net loss		
Mineral exploration	\$ (6,574)	\$ (2,829)
Hydroelectric project	20,346	(47,692)
Corporate	(22,043)	(133,144)
	\$ (8,271)	\$ (183,665)

	December 31,		September 30,	
	2016		2016	
Assets				
Mineral exploration	\$ 74,836,700	\$ 73,623,077		
Hydroelectric project	8,252,536	8,250,908		
Corporate	6,345,361	18,027		
	\$ 89,434,597	\$ 81,892,012		

**LOS ANDES COPPER LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED**

DECEMBER 31, 2016

(Expressed in Canadian Dollars)

**8. SEGMENTED INFORMATION (continued)****Geographic segments**

		Three months ended December 31,	
		2016	2015
Net loss			
Canada	\$	(22,043)	\$ (50,521)
Chile		13,772	(133,144)
	\$	(8,271)	\$ (183,665)
		December 31,	
		2016	September 30,
			2016
Assets			
Canada	\$	6,345,361	\$ 18,027
Chile		83,089,236	81,873,985
	\$	89,434,597	\$ 81,892,012

**9. SUPPLEMENTAL CASH FLOW INFORMATION****Non-cash financing activities**

At December 31, 2016, net exploration costs included in accounts payable and accrued liabilities were \$380,361 (September 30, 2016: \$685,668).

		Three months ended December 31,	
		2016	2015
Cash received for interest	\$	10	\$ 208
		December 31,	
		2016	September 30,
			2016
Cash	\$	6,690,623	\$ 9,663

**10. 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, 2017. The share of basic rent commitments for the remaining term of the contract is approximately \$26,216.

**11. SUBSEQUENT EVENTS**

Subsequent to December 31, 2016, the Company repaid the principal and accrued interest owed on the loans described in Notes 5(a), 5(e) and 5(f).