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LOS ANDES COPPER Ltd.

LOS ANDES COPPER LTD.
Management's Discussion and Analysis ("MD&A")
For the Quarter Ended December 31, 2013

<u>All figures expressed in Canadian Dollars except where noted</u>

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 February 28, 2014 and should be read in conjunction with the Company's condensed consolidated interim financial statements for the quarter ended December 31, 2013 ("Q1-2014") and the Company's audited consolidated financial statements and related notes for the year ended September 30, 2013 ("Fiscal 2013").

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 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. Please refer to **Project Description** for further details on the project.

Overall Performance

In Q1-2014 the Company incurred a loss of $134,923 or $nil per share, compared to a loss of $135,042 or $nil per share in the quarter ended December 31, 2012 ("Q1-2013").

During Q1-2014, the Company incurred deferred development costs of $164,271 (Q1-2013: $93,443).

The Company's cash and cash equivalents balance and working capital deficiency at December 31, 2013 were $45,169 and $183,540 respectively.

Vizcachitas Limited and Gemma Properties Group Limited

In 2007, the Company acquired 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"). The seller of Vizcachitas Limited 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 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 were existing exploitation mining concessions encircling the SJ Concessions and 3 were 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, and were subject to an option agreement completed in 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.

In 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 ("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 came 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 (the "Warrants") to purchase common shares of the Company, exercisable at a price of $0.15 per share to December 21, 2013. The Warrants were exercised in the year ended September 30, 2012.

At December 31, 2013, the Company had the right to a total of 81 exploration concessions and 38 exploitation concessions.

At December 31, 2013, TBC owned 32% of the issued and outstanding 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 the sale of such securities.

Financial Review

The Company incurred a net loss of $134,923 or $nil per share in Q1-2014 (Q1-2013: net loss of $135,042 or $nil per share).

The most significant expenses incurred in the quarter were consulting, salaries and management fees of $80,464 (Q1-2013: $90,889), professional fees of $22,316 (Q1-2013: $21,783) and office and transfer agent, filing and regulatory fees of $13,062 (Q1-2013: $5,057).

Under other comprehensive income, the Company recorded a foreign exchange translation allowance of $13,604 in Q1- 2014 (Q1-2013: other comprehensive loss of $5,731).

The Company incurred $164,271 in deferred exploration expenses, capitalized as unproven mineral right interests (Q1-2013: $193,443).

The breakdown of deferred exploration expenses incurred in Q1- 2014 is as follows:

	$
Automobile and travel	922
Camp rehabilitation, maintenance and security	45,952
Exploration administration	58,685
Geological consulting	23,919
Other	(947)
Property and surface rights, taxes and tenure fees	7,433
Studies and other consulting	27,893
Supplies	397
Sustainable development	17
	164,271

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.

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

The estimate increases the Indicated Resources from the previous mineral resources which had an effective date of June 9, 2008. The resource 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 resource estimate.

On February 18, 2014, the Company filed a PEA and an updated resource estimate on the Vizcachitas Property. The PEA can be accessed from the Company's website and under the Company's www.sedar.com profile. Additional information about the Vizcachitas project is available on the Company's website at www.losandescopper.com.

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

Cut-Off (Cu Eq %)	Tonnage Mt	Cu Eq %	Cu Grade %	Mo Grade %	Cu Mlb	Mo Mlb
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
0.30	**1,038**	**0.434**	**0.373**	**0.012**	**8,539**	**281**
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

INFERRED

Cut-Off (Cu Eq %)	Tonnage Mt	Cu Eq %	Cu Grade %	Mo Grade %	Cu Mlb	Mo Mlb
0.20	521	0.343	0.296	0.010	3,407	111
0.25	404	0.376	0.322	0.011	2,873	101
0.30	**318**	**0.405**	**0.345**	**0.013**	**2,415**	**88**
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 x 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°.

Summary of Quarterly Results

	QUARTERS ENDED			
	Dec. 31, 2013 $	**Sept. 30, 2013 $**	**June 30, 2013 $**	**March 31, 2013 $**
Net loss	(134,923)	(399,958)	(129,879)	(141,251)
Loss per share (1)	-	-	-	-

	Dec. 31, 2012 $	**Sept. 30, 2012 $**	**June 30, 2012 $**	**March 31, 2012 $**
Net loss	(135,042)	(295,477)	(125,945)	(114,367)
Loss per share (1)	-	-	-	-

[1]Presented on an undiluted basis

Liquidity and Capital Resources

As at December 31, 2013 the Company had cash and cash equivalents of $45,169 and a working capital deficiency of $183,540, compared to cash and cash equivalents of $243,160 and working capital of $115,898 at September 30, 2013.

In Q1-2014, the Company incurred $131,644 (Q1-2013: $202,014) in deferred exploration costs (including the effect of changes in accounts payable for deferred exploration in the period). Also included in investing activities is $16,602 for VAT tax credits (Q1-2013: $17,541), which are not classified as current assets as they are recoverable in the long-term, and $4,485 for purchase of equipment in Q1-2013.

Transactions with Related Parties

Details of transactions between the Company and its related parties are discussed below:

a. Trading transactions

As at December 31, 2013, the Company's related parties consist of a company controlled by the Company's President and Chief Executive Officer ("CEO"), a company controlled by the company's Chairman, a company controlled by a former director of the Company, a company controlled by the Company's Chief Financial Officer ("CFO") and a company controlled by the Company's Corporate Secretary.

	Nature of Transaction
Kasheema International Ltd.	Management
Zeitler Holdings Corp	Management
Oak Investments and Advisory Ltd.	Management
Delphis Financial Strategies Inc	Management
Michael J. Kuta Law Corporation	Legal Services

The Company incurred the following fees and expenses in the normal course of operations with companies controlled by key management and/or paid to directors. Details are provided in the following tables.

	Note	For the quarters ended December 31,	
		2013	2012
Management and consulting fees	(i)	**75,463**	86,515
Directors' fees	(ii)	**5,000**	4,375
Legal services	(v)	**11,235**	7,500
		91,698	98,390

i. During the quarter ended December 31, 2013, the Company incurred management and consulting fees of $75,463 (2012: $86,515) for services paid to companies controlled by the Company's Chairman, President and CEO, CFO and a former director.

ii. During the quarter December 31, 2013, the Company incurred directors' fees of $5,000 (2012: $4,375).

iii. During the year ended December 31, 2013, the Company incurred legal service fees of $11,235 (2012: $7,500) paid to a company controlled by the Company's Corporate Secretary.

iv. Included in trade and other payables as at December 31, 2013 is $66,379 owing to related parties (September 30, 2013: $22,895).

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

b. Compensation of key management personnel

The remuneration of the Company's key management personnel is as follows:

		For the quarters ended December 31,	
		2013	2012
Management, consulting and legal fees	(i)	**86,698**	94,015

No share-based payments were made to key management personnel in the quarter ended December 31, 2013 or the year ended September 30, 2013.

Management, geological and legal fees include those disclosed in the table above.

Key management personnel were not paid post-employment, termination or other long-term benefits during the quarter ended December 31, 2013 or the year ended September 30, 2013.

The above transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Commitments and contingencies

Compañía Minera Vizcachitas Holding 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 a two year term. The Company's share of basic rent commitments for the remaining term of the contract is approximately Cdn$24,000.

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 Chilean General Department of Waters ("DGA") accepted the claim but subsequently 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, though 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 amount has been recorded by the Company in respect of the unresolved claim, as the amount, if any, is not determinable.

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, 2013. 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.

Subsequent Events

a) On January 22, 2014, Los Andes received approval from the TSX-V for the acquisition by the Company from Turnbrook Mining Ltd. 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 project generation facility (the "Acquisition"). Los Andes received written consents for the Acquisition from shareholders holding 61.5% of the disinterested shares in the capital of Los Andes. Consideration for the Acquisition consisted of 37,500,000 Los Andes shares.

b) On January 10, 2014, Los Andes, received a loan of US$100,000 from TBML, evidenced through a Promissory Note due and payable no later than on the day that is 14 calendar days following the date written notice of demand for payment from TBML is delivered to Los Andes. Interest on the note shall compound annually not in advance, both before and after maturity or default. The applicable interest rate is 0.5% per month.

c) On January 23, 2014, Los Andes, received a loan of US$100,000 from TBML, evidenced through a Promissory Note due and payable no later than on the day that is 14 calendar days following the date written notice of demand for payment from TBML is delivered to Los Andes. Interest on the note shall compound annually not in advance, both before and after maturity or default. The applicable interest rate is 0.5% per month.

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 IFRS. 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 quarter ended December 31, 2013 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

Other MD&A Requirements

As of February 28, 2014, the Company has outstanding 200,432,599 common shares and 500,000 stock options with an exercise price of $0.50 per share.

Additional information is available on the Company's website at www.losandescopper.com.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 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:

- our strategies and objectives;
- prices and price volatility for copper and other commodities and of materials we use in our operations;

- the demand for and supply of copper and other commodities and materials that we use and 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 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 our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for 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 other commodities and products used in our operations;
- the timing of the receipt of permits and other regulatory and governmental approvals;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- the availability of funding on reasonable terms;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;

- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- 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 various operations;
- market competition;
- the accuracy of our mine plan 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 outcome of our copper concentrate treatment and refining charge negotiations;
- 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.