

LOS ANDES COPPER LTD.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED JUNE 30, 2014
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
(Expressed in Canadian Dollars)

	June 30, 2014 (\$)	September 30, 2013 (\$)
ASSETS		
Current		
Cash and cash equivalents	47,294	243,160
Trade and other receivables	2,290	3,132
Prepaid expenses and deposits	22,705	21,242
	72,289	267,534
Non-current assets		
VAT tax credits	1,545,698	1,533,169
Unproven mineral right interests (Notes 2 and 3)	68,228,578	68,300,477
Hydro-electric project water rights (Note 4)	8,250,000	-
Equipment	17,783	26,062
	78,114,348	70,127,242
LIABILITIES		
Current		
Trade and other payables (Note 7)	515,071	151,636
Borrowings (Note 5)	542,385	-
	1,057,456	151,636
Non-current liability		
Deferred income tax	1,806,200	1,806,200
	2,863,656	1,957,836
EQUITY		
Share capital (Note 6)	87,419,489	79,169,489
Equity reserve (Note 6)	2,320,854	2,320,854
Deficit	(12,562,911)	(12,082,521)
Accumulated other comprehensive loss	(1,926,740)	(1,238,416)
	75,250,692	68,169,406
	78,114,348	70,127,242

Nature and continuance of operations and going concern (Note 1)

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 LOSS and COMPREHENSIVE (LOSS) INCOME**

(Expressed in Canadian Dollars)

	Quarters ended		Nine months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
	(\$)	(\$)	(\$)	(\$)
EXPENSES				
General and Administrative				
Depreciation	2,408	2,469	7,137	7,470
Consulting, salaries and management fees (Note 7)	83,818	80,104	250,706	251,607
Office and administration	6,033	6,462	21,422	19,939
Professional fees (Note 7)	15,016	22,698	102,875	75,210
Shareholder communications	560	1,605	9,647	5,538
Share-based payment (Note 6)	-	16,775	-	16,775
Transfer agent, filing and regulatory fees	616	(1,344)	55,019	24,119
	108,451	128,769	446,806	400,658
Hydro-electric Project				
Professional fees	16,000	-	40,737	-
	16,000	-	40,737	-
Loss before other items	(124,451)	(128,769)	(487,543)	(400,658)
OTHER ITEMS				
Foreign exchange gain (loss)	23,309	(2,775)	16,443	(10,472)
Interest expense	(6,503)	-	(9,414)	-
Interest income	2	1,665	124	4,958
	16,808	(1,110)	7,153	(5,514)
Net loss	(107,643)	(129,879)	(480,390)	(406,172)
Other comprehensive (loss) income				
Cumulative translation allowance	(718,544)	(1,023,376)	(688,324)	13,372
	(718,544)	(1,023,376)	(688,324)	13,372
Loss and comprehensive loss	(826,187)	(1,153,255)	(1,168,714)	(392,800)
Basic and diluted loss per share				
	-	-	-	-
Weighted average number of shares outstanding	200,432,599	162,932,599	184,773,258	162,932,599

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
(Expressed in Canadian Dollars)

Common shares						
	No. of shares	Amount	Deficit	Equity Reserve	Accumulated Other Comprehensive Loss	Shareholders' Equity
		(\$)	(\$)	(\$)	(\$)	(\$)
Balance -						
October 1, 20112	162,932,599	79,169,489	(11,276,391)	2,304,079	(236,414)	69,960,763
Share-based payment (Note 9)	-	-	-	16,775.00	-	16,775
Net loss	-	-	(806,130)	-	-	(806,130)
Cumulative translation allowance	-	-	-	-	(1,002,002)	(1,002,002)
Balance -						
September 30, 2013	162,932,599	79,169,489	(12,082,521)	2,320,854	(1,238,416)	68,169,406
Balance -						
October 1, 2013	162,932,599	79,169,489	(12,082,521)	2,320,854	(1,238,416)	68,169,406
Acquisition of hydro-electric project (Note 9)	37,500,000	8,250,000	-	-	-	8,250,000
Net loss	-	-	(480,390)	-	-	(480,390)
Cumulative translation allowance	-	-	-	-	(688,324)	(688,324)
Balance -						
June 30, 2014	200,432,599	87,419,489	(12,562,911)	2,320,854	(1,926,740)	75,250,692

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
(Expressed in Canadian Dollars)

	Nine months ended June 30,	
	2014	2013
	(\$)	(\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(480,390)	(406,172)
Items not affecting cash:		
Depreciation	7,137	7,470
Interest expense	9,414	-
Share-based payment	-	16,775
Change in non-cash working capital items:		
Trade and other receivables and deposits	842	7,918
Prepaid expenses	(1,463)	1,217
Trade and other payables	231,572	2,283
Net cash used in operating activities	(232,888)	(370,509)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings (Note 5)	554,022	-
Net cash provided by financing activities	554,022	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Unproven mineral right interests	(489,698)	(761,512)
Acquisition of equipment	-	(6,603)
VAT tax credits	(68,791)	(24,822)
Net cash used in investing activities	(558,489)	(792,937)
Change in cash for the period	(237,355)	(1,163,446)
Effect of exchange rate changes on cash	41,489	18,942
Cash and cash equivalents, beginning of period	243,160	1,788,847
Cash and cash equivalents, end of period	47,294	644,343

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014

(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 1950-400 Burrard Street, Vancouver, B.C. V6C 3A6, Canada. These condensed consolidated financial statements ("interim financial statements") of the Company as at and for the three and nine months ended June 30, 2014 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 a mineral exploration company with a history of recurring losses and without a current source of revenue. At June 30, 2014, 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, 2013.

These interim financial statements were authorized for issue by the board of directors of the Company on August 21, 2014.

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Canadian Dollars)

d) 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 condensed 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, 2013.

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. 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 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 (the "TBC Transaction") from Turnbrook Corporation ("TBC") of all of the issued and outstanding securities of Gemma Properties Group Limited ("GPGL"). GPGL indirectly owns 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 and 13,000,000 warrants to purchase common shares of the Company. The warrants were exercised in the year ended September 30, 2012.

At June 30, 2014, the Company had the right to a total of 81 exploration concessions and 38 exploitation concessions and TBC owned 25% 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.

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

JUNE 30, 2014

(Expressed in Canadian Dollars)

3. UNPROVEN MINERAL RIGHT INTERESTS

As at June 30, 2014 all of the Company's mineral right interests are 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, 2012	Costs incurred in year ended Sept. 30, 2013	Total costs to Sept. 30, 2013	Costs incurred in nine months ended June 30, 2014	Total costs to June 30, 2014
VIZCACHITAS					
Acquisition costs	54,562,243	-	54,562,243	-	54,562,243
Water rights	4,122,611	-	4,122,611	-	4,122,611
Deferred exploration					
Automobile and travel	71,424	16,943	88,367	8,569	96,936
Assaying	137,926	1,732	139,658	-	139,658
Camp rehabilitation, maintenance and security	607,270	168,162	775,432	123,209	898,641
Core handling and storage	32,378	536	32,914	-	32,914
Drilling	3,477,236	-	3,477,236	-	3,477,236
Equipment and equipment rental	434,013	-	434,013	-	434,013
Exploration administration	797,766	265,184	1,062,950	176,757	1,239,707
Food and accommodation	175,021	1,171	176,192	2,632	178,824
Geological consulting	286,402	96,129	382,531	73,481	456,012
Other	47,037	21,631	68,668	(856)	67,812
Property & surface rights, taxes & tenure fees	602,841	126,224	729,065	137,504	866,569
Road repairs	33,686	387	34,073	32	34,105
Studies and other consulting	968,447	438,337	1,406,784	97,455	1,504,239
Subcontractors	1,269,366	-	1,269,366	-	1,269,366
Supplies	526,307	5,152	531,459	2,745	534,204
Sustainable development	9,602.00	19,866	29,468	33	29,501
	9,476,722	1,161,454	10,638,176	621,561	11,259,737
Exchange rate differences	(62,737)	(959,816)	(1,022,553)	(693,460)	(1,716,013)
	\$ 68,098,839	\$ 201,638	\$ 68,300,477	\$ (71,899)	\$ 68,228,578

Included within unproven mineral right interests are water rights to a permanent, continuous and consumptive use of 250 liters per second flow from the Aconcagua River, located near the Vizcachitas Property.

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4. THE ROCIN RIVER HYDROELECTRIC PROJECT

On January 22, 2014, Los Andes received approval from the TSX-V for the acquisition by the Company from Turnbrook Mining Ltd. ("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 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, valued at a share price of \$0.22, for total consideration of \$8,250,000.

At June 30, 2014, TBML owned 23% of the issued and outstanding shares of the Company.

5. BORROWINGS

Los Andes has received loans from TBML on the dates and for the amounts set out below. All loans are evidenced by 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 notes compounds annually not in advance, both before and after maturity or default. The applicable interest rate is 0.5% per month.

- a) January 10, 2014: US\$100,000.
- b) January 23, 2014: US\$100,000.
- c) March 21, 2014: US\$165,000.
- d) April 24, 2014: US\$90,000.
- e) May 30, 2014: US\$45,000

Interest of \$9,414 has been accrued to June 30, 2014 in connection with the Borrowings.

6. EQUITY

Capital

- a) Share Capital

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

During the nine months ended June 30, 2014, the Company issued 37,500,000 Los Andes shares (\$8,250,000) in connection with the Acquisition described in Note 4.

There were no shares issued during the year ended September 30, 2013.

- 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.

- c) Share Options

During the year ended September 30, 2013, the Company granted 500,000 share options to a consultant company (Note 7). The options expire on September 30, 2018. 100,000 of the options vested at the time of grant. The

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

remaining 400,000 options will vest in accordance with performance milestones set by the Company, none of which were met by June 30, 2014.

The weighted average fair value of these options was estimated at \$0.1678 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

- Weighted average share price: \$0.50
- Weighted average exercise price: \$0.50
- Dividend yield: 0%
- Risk-free interest rate: 1.46%
- Pre-vest forfeiture rate: 0%
- Expected life (years): 5 years
- Expected volatility: 103.71%

A compensation cost of \$16,755 associated with vested options was recognized during the year ended September 30, 2013.

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	500,000	0.50
Granted	-	-
At end of period	500,000	0.50
Vested and exercisable	100,000	0.5

At June 30, 2014, the weighted average exercise price of options outstanding was \$0.50 (September 30, 2013: \$0.50) and their weighted average remaining contractual life was 3.92 years (September 30, 2013: 4.67 years).

7. RELATED PARTY TRANSACTIONS**a. Trading Transactions**

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

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 nine months ended June 30,	
	2014	2013
Management and consulting fees	231,206	234,746
Directors' fees	19,500	16,861
Legal services	44,405	29,235
	295,111	280,842

b. Key Management Compensation

The remuneration of members of key management during the periods ended June 30, 2014 and 2013 is as follows:

	For the nine months ended June 30,	
	2014	2013
Management, consulting and legal fees	275,611	263,981

No share-based payments to key management personnel were paid in the nine months ended June 30, 2014 or 2013.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Canadian Dollars)

8. SEGMENTED INFORMATION

At June 30, 2014 the Company has three reportable operating segments: mineral exploration, hydroelectric project and corporate, and has operations in two geographical areas, Canada and Chile.

Operating segments

		Nine months ended June 30,	
		2014	2013
Net loss			
Mineral exploration	\$	(14,006)	\$ (7,960)
Hydroelectric project		(40,736)	-
Corporate		(425,648)	(398,212)
	\$	(480,390)	\$ (406,172)
<hr/>			
		June 30,	September 30,
		2014	2013
Assets			
Mineral exploration	\$	69,814,053	\$ 69,963,705
Hydroelectric project		8,250,000	-
Corporate		50,295	163,537
	\$	78,114,348	\$ 70,127,242

Geographic segments

		Nine months ended June 30,	
		2014	2013
Net loss			
Canada	\$	(425,648)	\$ (398,212)
Chile		(54,742)	(7,960)
	\$	(480,390)	(406,172)
<hr/>			
		June 30,	September 30,
		2014	2013
Assets			
Canada	\$	50,295	\$ 163,537
Chile		78,064,053	69,963,705
	\$	78,114,348	\$ 70,127,242

9. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing activities

At June 30, 2014, net exploration costs included in accounts payable and accrued liabilities were \$246,847 (September 30, 2013: \$114,624).

		Nine months ended June 30,	
		2014	2013
Cash received for interest	\$	124	4,958
		June 30,	September 30,
		2014	2013
Cash	\$	47,294	\$ 54,835
Cash equivalents		-	188,325
		\$ 47,294	\$ 243,160

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 for a further year. The share of basic rent commitments for the remaining term of the contract is approximately \$48,000.

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

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