



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, 2014**

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 26, 2015 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended September 30, 2014 ("fiscal 2014") and 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, Fifth Region, Chile. Based on 40,383 meters of drilling in 146 diamond drill holes, the project contains an Indicated Resource of 1,038 Mt at 0.434% copper equivalent (0.373 % copper and 0.012 % molybdenum), containing an estimated 8.5 billion pounds of copper and 281 million pounds of molybdenum. The Inferred Resources are 318 Mt at 0.405 % copper equivalent (0.345 % copper and 0.013 % molybdenum) containing an estimated 2.4 billion pounds of copper and 88 million pounds of molybdenum.

In fiscal 2014 Los Andes completed the acquisition 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. In June 2014, the Company entered into 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 2014 the Company incurred a loss of \$1,751,849 or \$0.01 per share, compared to a loss of \$806,130 or \$nil per share in fiscal 2013.

During fiscal 2014, the Company incurred deferred development costs of \$727,607 (2013: \$1,161, 454).

The Company's cash and cash equivalents and working capital deficiency at September 30, 2014 were \$42,191 and \$1,276,185 respectively.

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Selected Annual Information

	Year ended September 30, 2014 (IFRS)	Year ended September 30, 2013 (IFRS)	Year ended September 30, 2012 (IFRS)
Total revenue	\$ -	\$ -	\$ -
Net loss	(1,751,849)	(806,130)	(628,308)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)

	At September 30, 2014	At September 30, 2013	At September 30, 2012
Total assets	\$77,337,696	\$70,127,242	\$71,696,789
Total long-term liabilities	2,868,621	1,806,200	1,450,423
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. 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 ("GPGI"). At September 30, 2014, GPGI 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 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.

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At September 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.

Rocin River Hydroelectric Project

On January 22, 2014, Los Andes received approval from the TSX-V for the acquisition (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 hydroelectric facility (the "Hydroelectric Facility").

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

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, 2014, 0.38% of the issued and outstanding shares of the Rocin Subsidiary had been sold to an arms-length party for proceeds of \$55,533. Refer to **Subsequent Events**.

Icafal is the investment subsidiary of Icafal S.A., one of the leading engineering and construction conglomerates in Chile (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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Energy prices in Chile are currently among the highest in Latin America. Domestic energy consumption is projected to continue to increase at annual rates of 6% to 7% at least to 2020, and the development of new generation projects to satisfy this increased demand is proving to be a major challenge.

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 \$1,751,849 or \$0.01 per share in fiscal 2014 (fiscal 2013: net loss of \$806,130 or \$nil per share).

The Company incurred \$554,957 in general and administrative expenses in fiscal 2014 (fiscal 2013: \$532,601), of which the most significant expenses included consulting, salaries and management fees of \$334,836 (2013: \$336,055), professional fees of \$114,283 (2013: \$108,149) and transfer agent, filing and regulatory fees of \$56,496 (2013: \$26,055).

Also in fiscal 2014, the Company incurred \$161,355 (2013: \$nil) in expenses associated with the hydroelectric project, including \$94,854 in professional fees and \$64,229 in studies.

The Company recorded a \$55,533 gain on sale of a non-controlling interest in the Rocin Subsidiary.

In fiscal 2014 the Company recorded income tax expense of \$1,062,421 (2013: \$355,777) 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. The deferred income tax expense in fiscal 2014 was affected by an increase in Chile's long-term tax rate taking it from 20% to 27%, which was introduced through a comprehensive Tax Reform enacted in Chile in September 2014.

Under other comprehensive loss, the Company recorded a loss in respect of a foreign exchange translation allowance of \$1,516,858 in fiscal 2014 (2013: loss of \$1,002,002).

The Company incurred \$727,607 in deferred exploration expenses, capitalized as unproven mineral right interests (2013: \$1,161,454).

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

	\$
Automobile and travel	9,496
Camp rehabilitation, maintenance and security	164,316
Exploration administration	236,203
Geological consulting	98,158
Other	6,713
Property and surface rights, taxes and tenure fees	143,683
Studies and other consulting	69,038
	727,607

Vizachitas 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-EI Pachon and EI 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 profile. Additional information about the Vizcachitas project is available on the Company's website at 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

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

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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: $Cu\ Eq\ (\%) = CuT\ (\%) + 4.95 \times Mo\ (\%)$, 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 and on the Company's website and was authorized by the following independent Qualified Persons:

- John Wells BSc, MBA, FSAIMM.
- Manuel Hernández, BSc, FAusIMM.

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- 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

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

	Sept. 30, 2013	June 30, 2013	March 31, 2013	Dec. 31, 2012
	\$	\$	\$	\$
Net loss	(399,958)	(129,879)	(141,251)	(135,042)
Loss per share ⁽¹⁾	-	-	-	-

¹Presented on an undiluted basis

Liquidity and Capital Resources

As at September 30, 2014 the Company had cash and cash equivalents of \$15,853 and a working capital deficiency of \$1,276,185, compared to cash and cash equivalents of \$243,160 and working capital of \$115,898 at September 30, 2013.

In fiscal 2014, as a source of interim financing, the Company received several working capital loans from TBML, as disclosed in the following paragraphs. The Company also deferred payments to members of management until additional financing was secured.

Borrowings

Los Andes received unsecured working capital loans from TBML (the "Borrowings") on the dates and for the amounts set out below. Each loan was evidenced by a Promissory Note due and payable no later than on the 14th calendar day following the date of delivery of a written notice of demand for payment from TBML to Los Andes. Each of the Promissory Notes provides for interest at a rate of 0.5% per month compounded annually not in advance, both before and after maturity or default.

- 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.

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Interest of \$18,426 was accrued to September 30, 2014 in connection with the Borrowings.

In fiscal 2014, the Company incurred \$725,174 (2013: \$1,158,305) in deferred exploration costs (including the effect of changes in accounts payable for deferred exploration in the period). Also included in investing activities is \$79,372 for VAT tax credits (2013: \$44,405), which are not classified as current assets as they are recoverable in the long-term, and \$378 (2013: \$6,603) for purchase of equipment.

Subsequent Events

The Company's liquidity substantially improved subsequent to September 30, 2014. On January 27, 2015, Los Andes closed a financing for approximately \$2.1 million in total proceeds, including \$1,450,000 in gross proceeds from a non-brokered private placement (the "Private Placement") and \$652,587 pursuant to shares for debt settlement agreements with two insider shareholders of the Company (the "Settlement Agreements"). All shares were issued at a price of \$0.22 per share.

A total of 6,590,909 shares (the "Private Placement Shares") were issued to TBML in accordance with the terms of the Private Placement, and a total of 2,966,306 shares (the "Settlement Shares") were issued to TBML and Zeitler Holdings Corp. ("ZHC") in full and final settlement of amounts owing to each of TBML and ZHC. ZHC is the management company of the Chairman of Los Andes. In accordance with the Settlement Agreements, \$608,487 owing to TBML pursuant to the working capital loans made by TBML to Los Andes, and \$44,100 owing to ZHC, being one-half of management fees outstanding to ZHC as of the date of settlement have been settled through the issue of the Settlement Shares to TBML and ZHC.

In accordance with applicable Canadian securities laws, the Private Placement Shares and the Settlement Shares are subject to a hold period to May 28, 2015, which is four months and one day from the closing date of the transactions.

Also on January 27, 2015, the Company completed the sale of shares representing a 1.52% interest in the Rocin Subsidiary. Cash consideration of US\$200,000 for this non-controlling interest had been received in fiscal 2014 and was included in trade and other payables at September 30, 2014. Following the January 27, 2015 sale of shares, the Company retains a controlling interest of 98.10% in the Rocin Subsidiary.

Transactions with Related Parties

As at September 30, 2014, 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 entered into the following transactions with related parties:

- i. During the year ended September 30, 2014, the Company incurred management and consulting fees of \$308,336 (2013: \$310,194) 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, 2014, the Company incurred directors' fees of \$26,500 (2013: \$25,861).
- iii. During the year ended September 30, 2014, the Company incurred legal service fees of \$55,640 (2013: \$40,470) payable to a company controlled by the Company's Corporate Secretary.
- iv. Included in trade and other payables as at September 30, 2014 is \$236,576 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. 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, 2014 (Q4-2014) the Company's deferred explorations costs were \$106,047, broken down as follows:

	\$
Camp rehabilitation, maintenance and security	41,107
Exploration administration	59,448
Food and accomodation	1,701
Geological consulting	24,677
Property and surface rights, taxes and tenure fees	6,179
Studies and other consulting	(28,417)
Other	1,352
	<u>106,047</u>

In Q4-2014 the Company posted a loss of \$1,271,459 or \$0.01 per share. Significant general and administrative expenses in the quarter were consulting, salaries and management fees of \$84,130 and professional fees of \$11,408. In Q4-2014 the Company incurred \$120,619 in expenses associated with the hydro-electric project, including \$94,854 in professional fees and \$23,493 in studies. The Company also recorded income tax expense of \$1,062,421 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 for a further year. The Company's share of basic rent commitments for the remaining term of the contract is approximately \$33,200.

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.

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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, through 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, 2014. 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 28, 2015, the Company has outstanding 209,989,814 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

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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 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;

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- the availability of funding on reasonable terms;
- our ability to procure equipment and 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 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.