

# **LOS ANDES COPPER LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE and NINE MONTHS ENDED JUNE 30, 2018 and 2017  
UNAUDITED – PREPARED BY MANAGEMENT**

**(EXPRESSED IN CANADIAN DOLLARS)**

## **NOTICE**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements then these financial statements must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

	June 30, 2018 (\$)	September 30, 2017 (\$)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	7,627,327	2,058,463
Trade and other receivables	5,365	6,414
Prepaid expenses and deposits	94,027	59,843
	<u>7,726,719</u>	<u>2,124,720</u>
<b>Non-current assets</b>		
Unproven mineral right interests (Note 3)	81,624,282	77,730,766
Hydro-electric project water rights (Note 4)	8,250,000	8,250,000
	<u>97,601,001</u>	<u>88,105,486</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 6)	450,012	1,148,579
	<u>450,012</u>	<u>1,148,579</u>
<b>Non-current liability</b>		
Deferred income tax	7,312,308	7,312,308
	<u>7,762,320</u>	<u>8,460,887</u>
<b>EQUITY</b>		
Share capital (Note 5)	102,893,940	96,643,529
Equity reserve (Note 5)	7,694,938	5,101,349
Deficit	(21,139,773)	(20,555,029)
Accumulated other comprehensive income (loss)	242,126	(1,692,100)
Equity attributable to the owners of the Company	<u>89,691,231</u>	<u>79,497,749</u>
Non-controlling interest	147,450	146,850
	<u>89,838,681</u>	<u>79,644,599</u>
	<u>97,601,001</u>	<u>88,105,486</u>

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

**Commitments and contingencies (Note 9)**

**Subsequent events (Note 10)**

On behalf of the Board:

"Klaus Zeitler"

Director

"Francisco Covarrubias"

Director

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

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

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	(\$)	(\$)	(\$)	(\$)
<b>EXPENSES</b>				
<b>General and Administrative</b>				
Consulting, salaries and management fees (Note 6)	111,440	95,675	308,013	283,701
Office and administration	24,147	7,096	51,676	19,725
Professional fees	55,168	5,047	104,567	49,711
Shareholder communications	35,560	11,538	118,748	39,884
Transfer agent, filing and regulatory fees	33,283	797	59,070	52,868
	259,598	120,153	642,074	445,889
<b>Hydro-electric Project</b>				
Depreciation	-	38	-	118
Professional fees	2,960	3,327	(30,049)	(18,062)
Project supplies and expenses	-	529	144	4,954
Studies	-	-	-	(653)
	2,960	3,894	(29,905)	(13,643)
<b>Loss before other items</b>	(262,558)	(124,047)	(612,169)	(432,246)
<b>OTHER ITEMS</b>				
Foreign exchange (loss) gain	(1,600)	(75,571)	20,791	(22,129)
Interest expense	-	(15)	-	(11,394)
Interest income	45	4,027	7,234	7,262
	(1,555)	(71,559)	28,025	(26,261)
<b>Net loss</b>	(264,113)	(195,606)	(584,144)	(458,507)
<b>Net loss attributable to:</b>				
Owners of the Company	(264,089)	(196,198)	(584,744)	(458,766)
Non-controlling interest	(24)	592	600	259
<b>Net loss</b>	(264,113)	(195,606)	(584,144)	(458,507)
<b>Other comprehensive (loss) income</b>				
Cumulative translation allowance	(757,178)	(831,872)	1,934,226	(398,393)
	(757,178)	(831,872)	1,934,226	(398,393)
<b>Loss and comprehensive (loss) income attributable to:</b>				
Owners of the Company	(1,021,267)	(1,028,070)	1,349,482	(857,159)
Non-controlling interest	(24)	592	600	259
<b>Loss and comprehensive (loss) income</b>	(1,021,291)	(1,027,478)	1,350,082	(856,900)
<b>Basic and diluted loss per share</b>				
	-	-	-	-
<b>Weighted average number of shares outstanding</b>	251,123,081	244,858,136	248,009,674	238,084,510

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

**LOS ANDES COPPER LTD.****CONDENSED INTERIM 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, 2016	218,058,136	91,297,107	(18,356,340)	2,407,771	(1,271,968)	146,648	74,223,218
Private placement (Note 5)	26,800,000	5,203,986	-	2,836,014	-	-	8,040,000
Net (loss) income	-	-	(458,766)	-	-	259	(458,507)
Cumulative translation allowance	-	-	-	-	(398,393)	-	(398,393)
Balance -							
June 30, 2017	244,858,136	96,501,093	(18,815,106)	5,243,785	(1,670,361)	146,907	81,406,318
Private placement (Note 5)	-	142,436	-	(142,436)	-	-	-
Net loss	-	-	(1,739,923)	-	-	(57)	(1,739,980)
Cumulative translation allowance	-	-	-	-	(21,739)	-	(21,739)
Balance -							
September 30, 2017	244,858,136	96,643,529	(20,555,029)	5,101,349	(1,692,100)	146,850	79,644,599
Balance -							
October 1, 2017	244,858,136	96,643,529	(20,555,029)	5,101,349	(1,692,100)	146,850	79,644,599
Private placement (Note 5)	26,800,000	6,250,411	-	2,593,589	-	-	8,844,000
Net (loss) income	-	-	(584,744)	-	-	600	(584,144)
Cumulative translation allowance	-	-	-	-	1,934,226	-	1,934,226
Balance -							
June 30, 2018	271,658,136	102,893,940	(21,139,773)	7,694,938	242,126	147,450	89,838,681

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

**LOS ANDES COPPER LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED**

	Nine months ended	
	June 30,	
	2018	2017
	(\$)	(\$)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(584,144)	(458,507)
Items not affecting cash:		
Depreciation	-	118
Change in non-cash working capital items:		
Trade and other receivables	1,049	(5,954)
Prepaid expenses and deposits	(34,184)	58,267
Trade and other payables	55,913	(363,831)
Net cash used in operating activities	(561,366)	(769,907)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares (Note 5)	8,844,000	8,040,000
Repayment of borrowings	-	(472,882)
Net cash provided by financing activities	8,844,000	7,567,118
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Unproven mineral right interests	(2,732,634)	(2,937,851)
Net cash used in investing activities	(2,732,634)	(2,937,851)
<b>Change in cash for the period</b>	<b>5,550,000</b>	<b>3,859,360</b>
<b>Effect of exchange rate changes on cash</b>	<b>18,864</b>	<b>9,288</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>2,058,463</b>	<b>9,663</b>
<b>Cash and cash equivalents, end of period</b>	<b>7,627,327</b>	<b>3,878,311</b>

**Supplemental cash flow information (Note 8)**

(Expressed in Canadian Dollars)

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

**LOS ANDES COPPER LTD.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

JUNE 30, 2018

(Expressed in Canadian Dollars)

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**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 interim consolidated financial statements ("interim financial statements") of the Company as at and for the nine months ended June 30, 2018 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 June 30, 2018, 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, 2017.

These interim financial statements were authorized for issue by the board of directors of the Company on August 29, 2018.

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

JUNE 30, 2018

(Expressed in Canadian Dollars)

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**1. REPORTING ENTITY AND BASIS OF PRESENTATION (continued)**

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, 2017.

**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:

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. At June 30, 2018, TBML owned a total of 143,736,144 or approximately 52.9% of the common shares of the Company (Notes 4 and 5). 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED**

JUNE 30, 2018

(Expressed in Canadian Dollars)

**3. UNPROVEN MINERAL RIGHT INTERESTS**

As at June 30, 2018, the Company had the right to a total of 81 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, 2016	Costs incurred in year ended Sept. 30, 2017	Total costs to Sept. 30, 2017	Costs incurred in nine months ended June 30, 2018	Total costs to June 30, 2018
<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	1,824,766	425,674	2,250,440	62,458	2,312,898
<b>Deferred exploration</b>					
Automobile and travel	185,925	194,535	380,460	59,901	440,361
Assaying	187,375	191,643	379,018	244,248	623,266
Camp rehabilitation, maintenance and security	1,501,101	420,740	1,921,841	167,305	2,089,146
Core handling and storage	32,914	1,922	34,836	(1,922)	32,914
Drilling	4,008,721	1,372,295	5,381,016	(26,112)	5,354,904
Equipment and equipment rental	512,099	104,269	616,368	39,771	656,139
Exploration administration	1,939,609	734,358	2,673,967	406,810	3,080,777
Food and accommodation	238,810	99,483	338,293	19,309	357,602
Geological consulting	927,675	373,293	1,300,968	430,540	1,731,508
Other	72,309	4,401	76,710	6,550	83,260
Property & surface rights, taxes & tenure fees	1,128,050	165,590	1,293,640	153,378	1,447,018
Road repairs	34,105	-	34,105	-	34,105
Studies and other consulting	1,488,618	545,152	2,033,770	398,874	2,432,644
Subcontractors	1,269,366	-	1,269,366	-	1,269,366
Supplies	566,778	68,665	635,443	17,967	653,410
Sustainable development	29,501	923	30,424	(923)	29,501
	14,122,956	4,277,269	18,400,225	1,915,696	20,315,921
Exchange rate differences	(1,172,528)	(432,225)	(1,604,753)	1,915,362	310,609
	\$ 73,460,048	\$ 4,270,718	\$ 77,730,766	\$ 3,893,516	\$ 81,624,282

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

JUNE 30, 2018

(Expressed in Canadian Dollars)

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

The Rocin River water rights and associated studies are indirectly held by the Company's subsidiary Rocin SPA ("Rocin"). In 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. At June 30, 2018, 1.90% of the issued and outstanding shares of the Rocin Subsidiary had been sold on arms-length transactions for proceeds of US\$250,000.

In 2017, Rocin and Icafal terminated the Agreement, and all studies and work performed by Icafal or by third parties retained by Icafal to the termination date were transferred to Rocin. These studies and work were transferred at no cost to Rocin, with the exception of the reimbursement of \$39,744, which represented approximately 19.8% of the work performed towards the environmental study as of the termination date. The termination of the Agreement provides that if any of the studies prepared by third parties are used by Rocin in the development of the Hydroelectric Facility, then Rocin shall reimburse Icafal the cost paid by Icafal to the third party of such study once the Hydroelectric Facility is in operation. The determination of whether a study should be reimbursed shall be made by Rocin at its sole discretion.

### 5. EQUITY

#### Capital

#### a) Share capital

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

On June 7, 2018, Los Andes closed the second tranche of a non-brokered private placement raising \$6,246,900. The Company issued 18,930,000 units (the "Units") priced at \$0.33 per Unit. Each Unit consists of one common share of the Company (a "Unit Share") and one half of a 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 \$0.50 per Warrant Share for a period of five years. \$4,393,920 was allocated to common shares and \$1,852,980 was allocated to share equity reserve.

On May 7, 2018, Los Andes closed the first tranche of a non-brokered private placement raising \$2,597,100. The Company issued 7,870,000 units (the "Units") priced at \$0.33 per Unit. Each Unit consists of one common share of the Company (a "Unit Share") and one half of a 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 \$0.50 per Warrant Share for a period of five years. \$1,856,491 was allocated to common shares and \$740,609 was allocated to share equity reserve.

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. \$5,346,422 was allocated to common shares and \$2,693,578 was allocated to share equity reserve.

**LOS ANDES COPPER LTD.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

JUNE 30, 2018

(Expressed in Canadian Dollars)

**5. EQUITY (continued)**

## 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, 2017 or during the nine months ended June 30, 2018.

## 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
Expired	(500,000)	0.50
At end of period	925,000	0.50
Vested and exercisable	925,000	0.50

At June 30, 2018, the weighted average exercise price of options outstanding was \$0.50 (September 30, 2017: \$0.50) and their weighted average remaining contractual life was 2.12 years (September 30, 2017: 2.10 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. In connection with the May and June 2018 private placements described in Note 5(a), these Warrants were relinquished to the Company for cancellation.

On May 7, 2018 Los Andes issued 3,935,000 detachable Warrants entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.50 per Warrant Share for a period of five years.

On June 7, 2018 Los Andes issued 9,465,000 detachable Warrants entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.50 per Warrant Share for a period of five years.

**LOS ANDES COPPER LTD.**

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

JUNE 30, 2018

(Expressed in Canadian Dollars)

**5. 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	26,800,000	0.45
Cancelled	(26,800,000)	0.45
Granted	13,400,000	0.50
At end of period	13,400,000	0.50

**6. RELATED PARTY TRANSACTIONS**

The remuneration of directors and members of management during the nine months ended June 30, 2018 and 2017 was as follows:

	Nine months ended June 30,	
	2018	2017
Management and consulting fees	\$ 277,311	\$ 265,701
Geological fees	86,436	89,193
Directors' fees	15,000	18,000
	\$ 378,747	\$ 372,894

Included in trade and other payables as at June 30, 2018 is \$113,400 (September 30, 2017: \$56,700) 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

JUNE 30, 2018

(Expressed in Canadian Dollars)

**7. SEGMENTED INFORMATION**

At June 30, 2018, the Company had three reportable operating segments: mineral exploration, hydroelectric project and corporate, and had operations in two geographical areas, Canada and Chile.

**Operating segments**

	Nine months ended June 30,	
	2018	2017
Net (loss) income		
Mineral exploration	\$ (613,159)	\$ (8,067)
Hydroelectric project	31,593	13,643
Corporate	(2,578)	(464,083)
	\$ (584,144)	\$ (458,507)

	June 30,	September 30,
	2018	2017
Assets		
Mineral exploration	\$ 81,985,597	\$ 78,442,895
Hydroelectric project	8,249,522	8,250,787
Corporate	7,365,882	1,411,804
	\$ 97,601,001	\$ 88,105,486

**Geographic segments**

	Nine months ended June 30,	
	2018	2017
Net (loss) income		
Canada	\$ (613,159)	\$ (464,083)
Chile	29,015	5,576
	\$ (584,144)	\$ (458,507)

	June 30,	September 30,
	2018	2017
Assets		
Canada	\$ 7,365,882	\$ 1,460,852
Chile	90,235,119	86,644,634
	\$ 97,601,001	\$ 88,105,486

**LOS ANDES COPPER LTD.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

JUNE 30, 2018

(Expressed in Canadian Dollars)

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

At June 30, 2018, net exploration costs included in accounts payable and accrued liabilities were \$166,451 (September 30, 2017: \$920,931).

		Nine months ended June 30,	
		2018	2017
Cash received for interest	\$	7,234 \$	7,262

**9. COMMITMENTS AND CONTINGENCIES**

- a) In 2017, Compañía Minera Vizcachitas Holding (“CMVH”), a wholly-owned subsidiary of Los Andes received a notification from Chile’s Environmental Superintendence (“SMA”) for alleged infractions resulting from CMVH’s failure to obtain an RCA (Chilean environmental license) for the drill campaign undertaken by CMVH in 2015-2016 and 2017. CMVH believes the notification to be without merit as it relies on the fact that CMVH required a license that Chilean regulations do not demand for mining exploration drilling campaigns under 20 drilling platforms, which is the case of the 2015-2016 drill campaign. CMVH’s lawyers pursued the steps necessary to defend CMVH’s interests and on December 29, 2017, the SMA issued a resolution accepting the plan proposed by CMVH. Pursuant to the plan, CMVH is required to incur expenditures totalling approximately \$267,000 for vegetation enrichment, construction of stone walls, preparation and processing of environmental approval package and professional fees. CMVH expects to incur these expenditures within the years 2018 and 2019.
- b) CMVH has entered into a series of agreements for the lease of office premises in Santiago, Chile to August 31, 2021. The share of lease commitments for the remaining term of the contract is approximately \$254,460.

**10. SUBSEQUENT EVENTS**

Subsequent to June 30, 2018, Los Andes granted 500,000 stock options to an officer of the Company, at an exercise price of \$0.50. The options have a five-year term.