



LOS ANDES COPPER Ltd.

LOS ANDES COPPER LTD. Management's Discussion and Analysis ("MD&A") For the Year Ended September 30, 2019

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 24, 2020 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended September 30, 2019 ("fiscal 2019") and September 30, 2018 ("fiscal 2018").

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 as issued by the International Accounting Standards Board ("IFRS").

Company Overview

Los Andes is a Canadian exploration and development company focused on the acquisition, exploration and development of advanced stage copper deposits in Latin America. The Company owns 100% of the Vizcachitas copper, molybdenum and silver porphyry project, located 120 km north of Santiago, Region V, Chile.

The Vizcachitas copper resource is of 11.2 billion pounds measured and indicated and 5.9 billion pounds inferred. It is one of the largest undeveloped copper project in South America not controlled by majors.

Los Andes is listed on the Toronto Venture Exchange under the ticker *LA*.

Los Andes also has ownership 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.

Overall Performance

In fiscal 2019 the Company incurred a loss of \$775,987 or \$nil per share, compared to a loss of \$2,217,928 or \$0.01 per share in fiscal 2018.

During fiscal 2019, the Company incurred deferred development costs of \$3,235,074 (2018: \$2,510,386).

The Company's cash and cash equivalents and working capital at September 30, 2019 were \$1,390,162 and \$640,631 respectively, compared to cash of \$5,180,299 and working capital of \$4,650,265 at September 30, 2018.

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Management's Discussion and Analysis

Year Ended September 30, 2019

Selected Annual Information

	Year ended September 30, 2019 (IFRS)	Year ended September 30, 2018 (IFRS)	Year ended September 30, 2017 (IFRS)
Total revenue	\$-	\$-	\$-
Net loss	(775,987)	(2,217,928)	(2,198,487)
Basic and diluted loss per share	-	(0.01)	(0.01)

	At September 30, 2019	At September 30, 2018	At September 30, 2017
Total assets	92,893,548	\$95,699,274	\$88,105,486
Total long-term liabilities	8,720,266	8,570,657	7,312,308
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 Concession");
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 "Initial Properties".

At September 30, 2019, all the Initial Properties, except for the SJ Concessions, are subject to NSR royalties of 2% on any surface production and 1% on any underground production. The SJ Concession is subject to NSR royalties of 1.02% on surface mining and 0.51% on underground mining (see **Subsequent Event**).

In 2010, the Company completed the consolidation of the Vizcachitas Property through the acquisition from Turnbrook Corporation ("TBC") of all of the issued and outstanding securities of Gemma Properties Group Limited, who indirectly owned 49% of the issued and outstanding shares of the San Jose SLM. With this transaction, the entire resource contained in the Vizcachitas property came under unified ownership.

In 2014, TBC and Turnbrook Mining Limited ("TBML") entered into a subscription agreement whereby TBC subscribed for common shares in the capital of TBML for consideration consisting of all of the common shares in the capital of the Company owned by TBC at that date. As at September 30, 2019, TBML owns a total of 143,736,144 or approximately 52.9% of the common shares of the Company (see Rocin River Hydroelectric Project). TBC is the controlling shareholder of TBML, and TBC no longer has direct ownership of any of the Company's common shares.

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As of September 30, 2019, the Company owns 52 exploitation mining concessions covering 10,771 hectares and 161 exploration claims covering a combined total of 45,500 hectares (including the Initial Properties).

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 September 30, 2019, 0.95% of the issued and outstanding shares of the Rocin Subsidiary were held by minority shareholders.

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, except for 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.

Financial Review

The Company incurred a net loss of \$775,987 or \$nil per share in fiscal 2019 (fiscal 2018: net loss of \$2,217,928 or \$0.01 per share).

The Company incurred \$739,878 in general and administrative expenses in fiscal 2019 (fiscal 2018: \$866,929), of which the most significant expenses included consulting, salaries and management fees of \$422,953 (2018: \$401,461), professional fees of \$81,862 (2018: \$118,188) and shareholder communication of \$72,211 (2018: \$177,379).

Also, in fiscal 2019 the Company recorded expenses of \$7,361 incurred in connection with the Hydroelectric Project (2018: recovery of \$27,938).

The Company posted a foreign exchange gain of \$85,032 in 2019 (2018: loss of \$103,991).

In fiscal 2019 the Company recorded deferred income tax expense of \$149,609 (2018: \$1,258,349) 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.

Under other comprehensive loss, the Company recorded a loss in respect of a foreign exchange translation allowance of \$2,320,783 in fiscal 2019 (2018: gain of \$191,710).

The Company incurred \$3,235,074 in deferred exploration expenses, capitalized as unproven mineral right interests (2018: \$2,510,386).

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Vizcachitas 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.

On June 5, 2019, the Company filed an updated Preliminary Economic Assessment (PEA) and a new resource estimate on the Vizcachitas Project. This PEA included all the drilling results from the 2015-2017 drilling campaigns and the results of this study showed a significant improvement in both the mineral resources and the project economics when compared to the 2014 PEA.

The PEA was prepared by Tetra Tech Chile S.A. The PEA can be accessed under the Company's www.sedar.com profile, and the PEA and additional information about the Vizcachitas project are available on the Company's website at www.losandescopper.com.

The PEA considered an open pit mine and concentrator plant that produces copper and molybdenum concentrates. The PEA evaluated three cases with mill throughputs of 55 ktpd, 110 ktpd and 200 ktpd. The 110 ktpd case has been recommended to advance into pre-feasibility. This case not only delivers the best economic results, with an After-Tax NPV 8% of US\$ 1.8 billion, an IRR of 20.77% and a payback period of 3.4 years, but also optimizes the mining and technical aspects for a mineral deposit of the size of Vizcachitas.

The PEA demonstrated that the 110 ktpd case project has an After-Tax NPV 8% of US\$ 1.8 billion and IRR of 20.77% at US\$ 3.00/lb Copper. A Payback period of 3.4 years from initial operations; 5.4 years from initial construction 45-year mine life. The C1 Cash Cost (net of by-product credits) of US\$ 1.36/lb for first 8 years of operation; US\$ 1.58/lb for LOM. The mineral resources increased to 1,284 million tonnes of Measured and Indicated Resources with a 0.45% CuEq grade and 0.40% Cu grade (at 0.25% Cu cut-off grade). The Measured Resources are 46% of the projected mill feed for the first 10 years of operation for the recommended case.

The highlights from the PEA are summarised in the table below.

Key Economic Indicators				
Description	Unit	55 ktpd	110 ktpd	200 ktpd
After -Tax Net Present Value - 8%	kUSD	931,120	1,797,425	2,198,359
After-Tax IRR	%	16.90%	20.77%	17.37%
Initial Capex	kUSD	1,300,034	1,874,797	2,823,469
C1 Cash Cost w/Mo-Ag Credits (First 8 years operation)(*)	USD/lb	1.30	1.36	1.44
Payback Period from operation (*)	Years	4.3	3.4	4.4
Payback Period from construction (**)	Years	6.3	5.4	6.4

(*) Referred to the first year of mill production

(**) Referred to the beginning of construction

Payback period calculated with nominal cash flows

The Vizcachitas Project is a mineralized copper-molybdenum porphyry system associated with a complex of hydrothermal breccias and porphyries within Miocene volcanic rocks. Five different drilling campaigns have been undertaken on the property from 1993 to date. A total of 165 diamond drill holes have been drilled, with a total of 52,256 m. The drilling carried out in 2015–2016 and 2017 confirmed the new geological models and showed the importance of the early diorite porphyry and hydrothermal breccias in controlling the higher-grade mineralization of the deposit. The new geological model also defined a near surface higher-grade supergene enriched mineralization outlining an area of 400 by 400 metres where all the drill holes have average supergene grades of greater than 0.5% Cu.

The mineral resources are contained within an open pit shell to demonstrate the prospects of eventual economic extraction. Only blocks within the Whittle pit shell are included in the mineral resources. The mineral resources are reported below.

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Measured									
Cut-Off (Cu %)	Tonnage (Mt)	Cu (%)	Mo (ppm)	Ag (ppm)	CuEq (%)	Cu (Mlb)	Mo (Mlb)	Ag (Moz)	CuEq (Mlb)
0.15	282.33	0.415	116.3	1.22	0.464	2,583	72	11.1	2,888
0.20	270.80	0.426	118.4	1.24	0.475	2,543	71	10.8	2,836
0.25	254.40	0.439	119.2	1.26	0.489	2,462	67	10.3	2,743
0.30	221.85	0.463	118.2	1.30	0.513	2,264	58	9.3	2,509
0.35	180.95	0.495	117.4	1.35	0.546	1,975	47	7.9	2,178
0.40	140.40	0.531	117.0	1.42	0.582	1,644	36	6.4	1,801
0.45	101.73	0.574	115.9	1.50	0.625	1,287	26	4.9	1,402

Indicated									
Cut-Off (Cu %)	Tonnage (Mt)	Cu (%)	Mo (ppm)	Ag (ppm)	CuEq (%)	Cu (Mlb)	Mo (Mlb)	Ag (Moz)	CuEq (Mlb)
0.15	1,430.59	0.332	133.4	0.91	0.384	10,471	421	41.9	12,111
0.20	1,239.16	0.357	140.6	0.96	0.412	9,753	384	38.2	11,255
0.25	1,029.67	0.385	146.9	1.00	0.442	8,740	333	33.1	10,034
0.30	784.35	0.421	154.5	1.04	0.481	7,280	267	26.2	8,317
0.35	549.21	0.463	159.9	1.09	0.526	5,606	194	19.2	6,369
0.40	359.56	0.513	159.3	1.14	0.575	4,066	126	13.2	4,558
0.45	249.22	0.555	156.5	1.20	0.617	3,049	86	9.6	3,390

Inferred									
Cut-Off (Cu %)	Tonnage (Mt)	Cu (%)	Mo (ppm)	Ag (ppm)	CuEq (%)	Cu (Mlb)	Mo (Mlb)	Ag (Moz)	CuEq (Mlb)
0.15	1,635.15	0.264	111.4	0.76	0.308	9,517	402	40.0	11,103
0.20	1,252.87	0.294	118.3	0.82	0.340	8,121	327	33.0	9,391
0.25	788.82	0.337	127.0	0.88	0.386	5,861	221	22.3	6,713
0.30	486.94	0.381	135.6	0.96	0.434	4,090	146	15.0	4,659
0.35	255.39	0.436	144.1	1.03	0.493	2,455	81	8.5	2,776
0.40	135.60	0.497	138.5	1.11	0.553	1,486	41	4.8	1,653
0.45	70.89	0.567	140.6	1.31	0.625	886	22	3.0	977

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Measured + Indicated									
Cut-Off (Cu %)	Tonnage (Mt)	Cu (%)	Mo (ppm)	Ag (ppm)	CuEq (%)	Cu (Mlb)	Mo (Mlb)	Ag (Moz)	CuEq (Mlb)
0.15	1,712.92	0.346	130.6	0.96	0.397	13,054	493	53.0	14,999
0.20	1,509.96	0.369	136.6	1.01	0.423	12,296	455	49.0	14,091
0.25	1,284.06	0.396	141.4	1.05	0.451	11,202	400	43.4	12,777
0.30	1,006.20	0.430	146.5	1.10	0.488	9,544	325	35.5	10,826
0.35	730.16	0.471	149.4	1.15	0.531	7,581	241	27.1	8,547
0.40	499.96	0.518	147.4	1.22	0.577	5,710	162	19.6	6,359
0.45	350.95	0.561	144.7	1.29	0.619	4,336	112	14.5	4,792

Notes

- Copper equivalent grade has been calculated using the following expression: $CuEq (\%) = Cu (\%) + 3.33 \times Mo (\%) + 82.6389 \times Ag (\%)$, using the metal prices: 3.00 USD/lb Cu, 10.00 USD/lb Mo and 17.00 USD/oz Ag. No allowance for metallurgical recoveries has been considered
- 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 that are not Mineral Reserves do not have demonstrated economic viability

The Vizcachitas Project has been the subject of several metallurgical test programmes to determine the process flow sheet and expected recoveries. The main conclusions of the test work programmes are that the results of the flotation tests showed both high grade copper concentrates and high recoveries of both copper and molybdenum are achievable. The results suggest that the rougher flotation recoveries are not significantly impacted by the P₈₀ on the range analyzed and, on this basis, a coarser primary grind P₈₀ of 240 µm is proposed. The results of the cleaner flotation tests indicated that three cleaner stages should be considered to achieve a high final concentrate grade. Based on the flotation tests, overall recoveries of 91% copper and 75% molybdenum can be expected.

As part of the PEA long-term mine plan study was conducted, which shows the production scenarios defined for the concentrator for each of the mill throughput cases. The mine plans are strategic and aimed at optimizing the cut-off grade profiles to obtain the best economic value. The analysis considered a wide array of mine capacity possibilities and the adjustment of stockpile cut-off grades.

The following table summarizes the material moved for each case, including mill feed, waste and the re-handling of stockpiles.

Case	Mine life (Years)	Mill feed (Mt)	Waste (Mt)	W/O (Ratio)	Total incl. rehandling (Mt)
55 ktpd	59	1,109	1,102	0.99	2,626
110 ktpd	45	1,665	2,170	1.31	4,263
200 ktpd	30	1,939	2,654	1.37	5,056

Capital cost estimates for the PEA were comprised of the following: direct cost of construction and assembly, indirect costs of project, contingency estimation based on direct cost, plus indirect cost, sustaining capital, deferred capital. After incorporating the recommended contingency, the capital cost estimate is considered to have a level of accuracy of +/-35%.

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The following table summarizes the initial, sustaining and deferred capital requirements of the Vizcachitas Project for the different development cases.

Capital Cost Summary (Nominal values)

Direct Costs	Initial			Sustaining and Deferred		
	55 ktpd	110 ktpd	200 ktpd	55 ktpd	110 ktpd	200 ktpd
Diversion Rocin River	52,912	52,912	52,912	2,500	2,500	2,500
Access	29,731	29,731	23,557			
Concentrate Transport	29,932	29,932	29,932			
Pipeline Rocin-Chalaco			73,749			
General Facilities	32,746	35,000	40,754			
Operations Platform	29,820	35,145	76,680			
Mine	184,363	277,465	359,328	624,333	1,025,196	1,218,390
Plant	228,440	439,016	687,999			
Tailing Management Facilities	152,290	173,057	230,639		98,250	
Water Reclaim System	2,926	3,653	4,430			
Water Supply System	35,844	47,382	62,132			
Power Supply System	88,125	124,539	168,597			
Total Direct Costs	867,129	1,247,831	1,810,708	626,833	1,125,946	1,220,890
Total Indirect Costs	164,299	242,672	361,191			
Contingency	268,605	384,294	651,570			
Total Capital Cost	1,300,034	1,874,797	2,823,469			

For the PEA the operating costs were estimated for the operating areas of Mining, Process Plant, Infrastructure and Administration. Costs were reported under subheadings related to the function of each of the areas identified. The operating cost estimates are based on long term power prices of US\$ 45 /MWh and US\$ 1.00 /l for diesel fuel. Based on the assumption listed in the PEA, the operating costs are considered to have an accuracy of $\pm 35\%$. All unitary operating costs are expressed in processed tonnes.

The following tables summarize the average unit operating cost by area for the Life-of-Mine (LOM).

Description	Case 55 ktpd	Case 110 ktpd	Case 200 ktpd
Mine (*)	3.59	4.40	4.72
Plant	5.11	4.92	4.70
Infrastructure	0.18	0.18	0.18
Administration	0.18	0.19	0.19
Total (USD/t)	9.06	9.70	9.79

(*) Mine costs include the strip ratio for the LOM

The PEA C-1 cash costs were calculated using the economic model cash flow forecast values including total operating costs, mining royalty and third party NSR cost, treatment costs, refining costs and transportation costs and revenue from molybdenum and silver.

To calculate the cash cost per pound of copper, total expenses (operating cost, NSR / royalty, and TCs, RCs, and transportation) less total revenue from molybdenum and silver were divided by the number of pounds of copper to be sold over the life of mine. The average life of mine cash cost is shown below.

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Description	Unit	55 ktpd	110 ktpd	200 ktpd
Operating Costs	kUSD	10,097,016	15,268,600	17,469,645
NSR	kUSD	434,760	620,835	696,754
Royalty	kUSD	641,679	790,004	819,253
TC/RC	kUSD	1,958,779	2,785,373	3,123,334
Transportation	kUSD	727,768	1,034,882	1,160,448
Total Cash Cost w/o Credits	kUSD	13,860,001	20,499,695	23,269,434
Molybdenum and Silver Credit	kUSD	2,068,426	3,071,756	3,473,998
Total Cash Cost w/ Credits	kUSD	11,791,575	17,427,938	19,795,437
Total Copper to be Sold	Mlb	7,742,210	11,009,381	12,345,195
Life of Mine Cash Cost				
Average Cu Cash Cost w/o Mo-Ag Credit	USD/lb	1.79	1.86	1.88
Average Cu Cash Cost w/ Mo-Ag Credit	USD/lb	1.52	1.58	1.60

The PEA was authored by independent Qualified Persons and prepared in accordance with NI 43-101. The authors of the PEA were:

- Severino Modena, Tetra Tech, Member of Chilean Mining Commission
- José Luis Fuenzalida, Tetra Tech, Member of Chilean Mining Commission
- Mario Riveros, Tetra Tech, 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.

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	Total costs to September 30, 2017	Costs incurred in year ended Sept. 30, 2018	Total costs to Sept. 30, 2018	Costs incurred in year ended September 30, 2019	Total costs to September 30, 2019
VIZCACHITAS					
Acquisition costs	\$ 54,562,243	\$ -	\$ 54,562,243	\$ -	\$ 54,562,243
Water rights	4,122,611	1,823,157	5,945,768	-	5,945,768
VAT tax credits	2,250,440	101,623	2,352,063	126,885	2,478,948
Deferred exploration					
Automobile and travel	380,460	76,013	456,473	96,789	553,262
Assaying	379,018	249,208	628,226	56,661	684,887
Camp rehabilitation, maintenance and security	1,921,841	239,512	2,161,353	431,322	2,592,675
Core handling and storage	34,836	(1,922)	32,914	-	32,914
Drilling	5,381,016	(25,929)	5,355,087	19,911	5,374,998
Equipment and equipment rental	616,368	15,426	631,794	7,812	639,606
Exploration administration	2,673,967	684,079	3,358,046	1,274,400	4,632,446
Food and accommodation	338,293	27,794	366,087	14,867	380,954
Geological consulting	1,300,968	521,102	1,822,070	393,454	2,215,524
Other	76,710	8,953	85,663	13,419	99,082
Property & surface rights, taxes & tenure fees	1,293,640	171,503	1,465,143	206,483	1,671,626
Road repairs	34,105	-	34,105	13,451	47,556
Studies and other consulting	2,033,770	516,591	2,550,361	617,923	3,168,284
Subcontractors	1,269,366	-	1,269,366	-	1,269,366
Supplies	635,443	28,979	664,422	88,582	753,004
Sustainable development	30,424	(923)	29,501	-	29,501
	18,400,225	2,510,386	20,910,611	3,235,074	24,145,685
Exchange rate differences	(1,604,753)	38,429	(1,566,324)	(2,433,914)	(4,000,238)
	\$ 77,730,766	\$ 4,473,595	\$ 82,204,361	\$ 928,045	\$ 83,132,406

Summary of Quarterly Results

	QUARTERS ENDED			
	Sept. 30, 2019 \$	June 30, 2019 \$	March 31, 2019 \$	Dec. 31, 2018 \$
Net loss	(276,379)	(335,582)	(248,682)	84,656
Loss per share ⁽¹⁾	-	-	-	-
	Sept. 30, 2018 \$	June 30, 2018 \$	March 31, 2018 \$	Dec. 31, 2017 \$
Net loss	(1,633,784)	(264,113)	(185,209)	(134,822)
Loss per share ⁽¹⁾	(0.01)	-	-	-

¹Presented on an undiluted basis

Liquidity and Capital Resources

As at September 30, 2019 the Company had cash and cash equivalents of \$1,390,162 and working capital of \$640,631, compared to cash and cash equivalents of \$5,180,299 and working capital of \$4,650,265 at September 30, 2018.

The Company relies on equity placements to fund operations and its exploration program and from time to time has also borrowed funds to support working capital requirements.

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. \$1,977,738 was allocated to common shares and \$619,362 was allocated to share equity reserve.

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. \$4,747,583 was allocated to common shares and \$1,499,317 was allocated to share equity reserve.

Transactions with Related Parties

As at September 30, 2019, the Company's related parties consist of companies controlled by the Company's President and Chief Executive Officer ("CEO"), the Company's former Chairman, the Company's Chief Financial Officer ("CFO") and a Company director.

	Nature of Transaction
Sociedad Cartografica Limitada	Geological Consulting
Mineral Consulting Services Ltd.	Consulting
Kasheema International Ltd.	Management
Zeitler Holdings Corp.	Management
Delphis Financial Strategies Inc.	Management

The Company incurred the following fees in the normal course of operations with companies controlled by key management and/or with directors. Transactions have been measured at the exchange amount, which is the consideration determined and agreed to by the related parties.

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	For the years ended September 30,	
	2019	2018
Management & consulting fees and salaries	\$ 525,410	\$ 480,034
Geological fees	119,493	115,736
Directors' fees	20,417	21,000
	\$ 665,320	\$ 616,770

Included in trade and other payables as at September 30, 2019 is \$85,917 (2018: \$132,300) owing to related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

The remuneration of members of key management during the years ended September 30, 2019 and 2018 is as follows:

	For the years ended September 30,	
	2019	2018
Management fees, salaries and geological fees	\$ 644,903	\$ 595,770
Share-based payments	41,126	71,588
	\$ 686,029	\$ 667,358

Fourth Quarter

During the quarter ended September 30, 2019 ("Q4-2019") the Company posted a loss of \$276,379 or \$nil per share.

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 was 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. As of September 30, 2019, CMVH had incurred the required expenditures.
- b) CMVH has entered into a series of agreements for the lease of office and warehouse premises in Santiago and Putaendo, Chile under various lease agreements with terms up to August 31, 2021. The share of lease commitments for the remaining term of the contracts is approximately \$272,416.

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Subsequent Event

Subsequent to September 30, 2019, the Company entered into Royalty Purchase ("RPA") and Net Smelter Returns Royalty ("RA") Agreements, (together the "Agreements"), with RCF VI CAD LLC ("RCF"), a limited liability corporation in the State of Delaware.

Pursuant to the Agreements, the Company will receive US\$8 million (approximately \$10,500,000), as consideration for payments corresponding to a production royalty ("Royalty") from the sale of all locatable minerals produced from the SJ Concession that forms part of the Company's Vizcachitas Property. Of this amount, US\$1,500,000 was received, on closing and registration of the documentation in Chile, and the remaining US\$6.5 million is scheduled to be paid in four equal quarterly instalments commencing on March 31, 2020.

The obligations of the Company under the Agreements are guaranteed by the Company's subsidiary Sociedad Legal Minera San Jose Uno de lo Vicuna, El Tartaro y Piguchen de Putaendo (the "Guarantor") pursuant to a guarantee and a mortgage registered in Chile in favour of RCF, subject to existing obligations of the Company and the Guarantor.

Pursuant to the RA, the Company will make payments to RCF corresponding to an NSR of 0.49% for underground production and 0.98% for open pit production on the SJ Concession. Following this transaction, the overall NSR level of the SJ Concession and for other concessions covering the mineral resources of the Vizcachitas Property is 2% for open pit mining methods and 1% for underground mining methods.

The Company will use the proceeds of this transaction to advance the pre-feasibility and the baseline for the environmental approval package of the Vizcachitas Property.

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, 2019.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgments

a) Unproven mineral right interests and hydro-electric project water rights

The application of the Company's accounting policies for unproven mineral right interests and hydro-electric project water rights requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is impaired with a corresponding charge to profit or loss in the period in which the new information becomes available.

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b) Title to unproven mineral right interests

Although the Company has taken steps to verify title to its unproven mineral right interests, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Going concern

Critical judgement and estimates are applied for the determination that the Company will continue as a going concern for the next year.

Estimates

a) Deferred income tax

In the year ended September 30, 2019, the Company booked an increase in deferred income tax liability and corresponding deferred income tax expense of \$149,609 (2018: \$1,258,349). The Company's deferred income tax liability arises mostly from the difference between the book and tax value of its mineral right interests.

Other MD&A Requirements

As of January 24, 2020, the Company has outstanding 271,658,136 common shares, 2,150,000 stock options with an exercise price of \$0.50 per share and 13,400,000 warrants 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:

- a. our strategies and objectives;
- b. prices and price volatility for copper and other commodities and of materials expected to be used in our operations;
- c. the demand for and supply of copper and other commodities and materials that we plan to produce and sell;
- d. our financial resources;
- e. interest and other expenses;
- f. domestic and foreign laws affecting our operations;
- g. our tax position and the tax rates applicable to us;
- h. 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;
- i. our planned future production levels;

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- j. potential impact of production and transportation disruptions;
- k. our planned capital expenditures and estimates of costs related to environmental protection;
- l. 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;
- m. our financial and operating objectives;
- n. our environmental, health and safety initiatives;
- o. the outcome of legal proceedings and other disputes in which we may be or become involved; and
- p. 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:

- q. general business and economic conditions;
- r. interest rates;
- s. changes in commodity and power prices;
- t. acts of foreign governments and the outcome of legal proceedings;
- u. 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;
- v. the timing of the receipt of permits and other regulatory and governmental approvals;
- w. changes in credit market conditions and conditions in financial markets generally;
- x. the availability of funding on reasonable terms;
- y. our ability to procure equipment and supplies in sufficient quantities and on a timely basis;
- z. the availability of qualified employees and contractors for our operations;
- aa. our ability to attract and retain skilled staff;
- bb. the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- cc. engineering and construction timetables and capital costs for our projects;
- dd. costs of closure of operations;
- ee. market competition;
- ff. 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;
- gg. tax benefits and tax rates;
- hh. the resolution of environmental and other proceedings or disputes;
- ii. the future supply of reasonably priced power;
- jj. our ability to obtain, comply with and renew permits in a timely manner; and

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kk. 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.