



*(A Development Stage Enterprise)*

**CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009 and 2008**

**TSXV : LCC**



# Auditors' report

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## **To the Shareholders of Lumina Copper Corp. (the "Company")**

We have audited the consolidated balance sheets of Lumina Copper Corp. (a development stage enterprise) as at September 30, 2009 and 2008 and the consolidated statements of loss, comprehensive loss and deficit and cash flows for the years ended September 30, 2009 and 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lumina Copper Corp. as at September 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada  
December 11, 2009

*"Grant Thornton LLP" (signed)*  
Chartered Accountants

**LUMINA COPPER CORP.***(a development stage enterprise)***CONSOLIDATED BALANCE SHEETS**

(expressed in Canadian dollars)

	September 30, 2009	September 30, 2008
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 699,875	\$ 9,415,346
Short-term investments (Note 4)	5,099,562	-
Marketable securities (Note 5)	855,200	2,281,600
Receivables	8,161	10,082
Prepaid expenses	7,960	11,583
	6,670,758	11,718,611
EQUIPMENT (Note 6)	19,014	26,617
MINERAL PROPERTY (Note 7)	3,942,617	2,907,926
OTHER INVESTMENTS (Note 8)	33	12,771
	\$ 10,632,422	\$ 14,665,925
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 191,176	\$ 243,703
Note payable (Note 9)	-	2,617,981
	191,176	2,861,684
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL (Note 10)	1	1
CONTRIBUTED SURPLUS (Note 12)	16,145,386	16,159,011
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	(5,704,141)	(4,354,771)
	10,441,246	11,804,241
	\$ 10,632,422	\$ 14,665,925

Basis of presentation and continuance of operations (Note 1)

Transfer of business (Note 2)

APPROVED BY THE DIRECTORS

*"Ross Cory"*

Director

*"Robert Pirooz"*

Director

See Accompanying Notes to the Consolidated Financial Statements

**LUMINA COPPER CORP.***(a development stage enterprise)***CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT**

For the Years Ended September 30, 2009 and 2008

(expressed in Canadian dollars)

	2009	2008
<b>EXPENSES</b>		
Management and administrative services	\$ 257,317	\$ 32,599
Property investigations	123,666	-
Legal	88,683	20,528
Audit and accounting	66,650	13,389
Office and administration	61,619	30,220
Investor relations and promotion	61,219	22,530
Regulatory and transfer agent fees	24,805	33,061
Amortization	8,831	6,687
Travel and accommodation	5,324	250
Consultants	2,766	21,808
	700,880	181,072
<b>OTHER INCOME (EXPENSES)</b>		
Interest and other income	111,151	119,140
Gain on disposition of mineral property (Note 8(a))	582,900	846,079
Foreign exchange gain	96,597	41,367
Unrealized loss on securities (Notes 5 and 8(b))	(1,439,138)	(2,732,860)
	(648,490)	(1,726,274)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	(1,349,370)	(1,907,346)
<b>DEFICIT, BEGINNING OF YEAR</b>	(4,354,771)	(2,447,425)
<b>DEFICIT, END OF YEAR</b>	\$ (5,704,141)	\$ (4,354,771)
<b>BASIC AND DILUTED LOSS PER SHARE</b>	\$ (0.04)	\$ (0.06)
<b>WEIGHTED AVERAGE NUMBER OF SHARES</b>	34,609,149	31,883,996

*See Accompanying Notes to the Consolidated Financial Statements*

**LUMINA COPPER CORP.***(a development stage enterprise)***CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended September 30, 2009 and 2008

(expressed in Canadian dollars)

	<b>2009</b>	<b>2008</b>
<b>CASH PROVIDED FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (1,349,370)	\$ (1,907,346)
Items not involving cash:		
Amortization	8,831	6,687
Stock-based compensation expense	133,062	-
Unrealized loss on securities	1,439,138	2,732,860
Gain on disposition of mineral property (Note 8(a))	(582,900)	(846,079)
Net changes in non-cash working capital items:		
Accrued interest receivable	(99,562)	-
Receivables	1,921	602,167
Prepaid expenses	3,623	(11,583)
Accounts payable and accrued liabilities	(52,527)	(12,163)
	<b>(497,784)</b>	<b>564,543</b>
<b>FINANCING ACTIVITIES</b>		
Funding provided by Global Copper Corp.	-	5,410,483
Share capital	-	1
Note payable	-	3,711,019
Repayment of note payable	(2,764,668)	(1,093,038)
	<b>(2,764,668)</b>	<b>8,028,465</b>
<b>INVESTING ACTIVITIES</b>		
Short-term investments	(5,000,000)	-
Purchase of equipment	(1,228)	(2,145)
Expenditures on mineral properties	(1,034,691)	(140,900)
San Jorge proceeds received (Note 8(a))	582,900	393,316
Taca Taca proceeds received (Note 7)	-	562,098
	<b>(5,453,019)</b>	<b>812,369</b>
<b>(DECREASE) INCREASE IN CASH</b>	<b>(8,715,471)</b>	<b>9,405,377</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>9,415,346</b>	<b>9,969</b>
<b>CASH, END OF YEAR</b>	<b>\$ 699,875</b>	<b>\$ 9,415,346</b>
<b>Non-cash investing and financing transactions:</b>		
Shares of Coro Mining Corp. received under the terms of the agreement described in Note 8(a)	\$ -	\$ 476,668

See Accompanying Notes to the Consolidated Financial Statements

**LUMINA COPPER CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2009**

(expressed in Canadian dollars)

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**1. BASIS OF PRESENTATION AND CONTINUANCE OF OPERATIONS**

Lumina Copper Corp. ("Lumina" or "the Company") was incorporated on May 12, 2008 and commenced operations on August 1, 2008 pursuant to a plan of arrangement by Global Copper Corp. ("Global"), as described in Note 2. Prior to August 1, 2008 the Company was operating as a division of Global.

These consolidated financial statements reflect the financial position, results of operations, and cash flows of Lumina, and include the following wholly-owned subsidiaries:

- Minera Global Copper Chile S.A.
- Minera Corriente Chile S.A.
- Corriente Argentina S.A.
- Global Copper Holdings Ltd.
- Corriente Argentina Inc.

The Company is engaged in the exploration and development of mineral resources and is considered to be in the development stage as it has not placed its mineral property into production.

The consolidated financial statements for the year ended September 30, 2008 presented on the continuity-of-interests basis reflect an allocation of general and administrative expenses incurred in each of these periods by Global Copper Corp. The allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the Taca Taca mineral property as compared to the total expenditures incurred on all of Global's mineral properties in each of the periods. The consolidated financial statements have been presented under the continuity-of-interests basis of accounting with balance sheet amounts based on the amounts recorded by Global. Management cautions readers of these consolidated financial statements that this allocation of expenses does not necessarily reflect an accurate presentation of general and administrative expenses that the Company would have incurred in the aforementioned periods or will incur in the future.

Continuance of the Company's operations is dependent upon achieving profitable operations and obtaining additional equity or debt financing. The recoverability of the carrying values of the Company's mineral property interests is dependent upon the existence and discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production from or proceeds from disposition of mineral properties. The carrying value of the Company's mineral property interests does not reflect current or future values.

While the Company has been successful in obtaining financing in the past, there is no assurance that such financing will continue to be available or be available on favourable terms in the future. An inability to raise additional financing may impact the future assessment of the Company as a going concern.

**LUMINA COPPER CORP.**

(a development stage enterprise)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2009**

(expressed in Canadian dollars)

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**2. TRANSFER OF BUSINESS**

On April 13, 2008 Global entered into an agreement with Teck Cominco Limited (“Teck”) whereby Teck acquired all of the outstanding shares of Global by way of an arrangement (the “Arrangement”) under the Business Corporations Act (British Columbia). Under the Arrangement, for each common share of Global sold, Global’s shareholders elected to receive either cash or a certain number of Teck Class B subordinate voting shares plus one share of Lumina.

The transaction with Teck was completed on August 1, 2008. Pursuant to the terms of the Arrangement, Lumina issued 34,609,149 common shares to all existing shareholders of Global, which was equal to the number of issued shares of Global outstanding at the effective date of the Arrangement. The Lumina shares issued were valued for accounting purposes at a nominal amount.

In accordance with the terms of the Arrangement, upon the closing of the transaction on August 1, 2008 Global transferred to Lumina its interest in the Taca Taca mineral property in Argentina, the San Jorge investment, its interest in the Vizcachitas royalty, its marketable and other securities, certain other assets and liabilities, including tax liabilities arising from this transaction, and \$10,163,713 in cash. In addition, Lumina received a 1.5% net smelter return royalty in respect of the Relincho project payable commencing in the fifth year after the start of commercial production. The Relincho project is a mineral property located in Chile that is Global’s primary asset and which was the subject of the acquisition by Teck. Upon closing of the transaction, Lumina was owned exclusively by existing Global shareholders. As the ownership interests of the Company were identical to that of Global on the date of reorganization, the vended assets have initially been recorded on the Company’s books at their carrying values to Global on the date of reorganization.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Management estimates and measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the preparation of the financial statements regarding the fair values of employee stock options and financial instruments, valuation of deferred mineral property exploration costs and future income tax assets. By their nature, these estimates are subject to measurement uncertainties and the impact on the consolidated financial statements of future periods could be material.

**(b) Going concern**

Effective for accounting periods beginning on or after January 1, 2008, the revisions to CICA Handbook Section 1400, “*General Standards of Financial Statement Presentation*”, requires management to assess the Company’s ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity’s ability to continue as a going concern, these uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2009**

(expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Management has completed this assessment and concluded it is appropriate that these consolidated financial statements are prepared on a going concern basis.

**(c) Marketable securities**

Marketable securities are recorded at their fair market value on the date of acquisition and are classified as held-for-trading. The carrying value of the securities is adjusted at each subsequent balance sheet date to the then fair value with the resulting unrealized gains or losses included in earnings for the period.

**(d) Equipment**

Equipment is stated at cost. Amortization is provided on the declining balance basis on office equipment at 20% per annum and on computer equipment at 45% per annum.

**(e) Mineral properties**

The Company capitalizes all costs related to investments in mineral property interests on a property by property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property sold or the mineral rights are allowed to lapse.

Capitalized costs are reviewed, on a property by property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount less than the deferred costs, the property is written down to its fair value to recognize the impairment.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. Since options are exercisable entirely at the discretion of the Company or the optionee, the amounts payable or receivable are recorded as property costs or recoveries when the payments are made or received.

Capitalized costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

**(f) Investments**

Investments designated as held for trading are reported at fair value with unrealized gains or losses included in earnings for the period. Other investments that are not financial instruments are reported at cost.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2009**

(expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Asset retirement obligations**

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either the timing or amount of the original estimate of the undiscounted cash flow. As at September 30, 2009 and 2008, the Company did not have any asset retirement obligations.

**(h) Environmental protection practices**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and also on properties in which it has previously had an interest.

The Company believes it conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**(i) Financial instruments**

CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", requires that all financial assets (except those classified as loans and receivables or held-to-maturity), and derivative financial instruments must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held-for-trading; otherwise, they are measured at amortized cost. Investments classified as held-for-trading are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses included in earnings for the period. Investments classified as available-for-sale are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss.

The Company has classified cash, short-term investments, marketable securities, and warrants included in other investments as held-for-trading, receivables as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

CICA Handbook Sections 3862 and 3863 revise and enhance disclosure requirements, and carry forward unchanged presentation requirements (under CICA 3861), for financial instruments. These sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks (Note 15).

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**September 30, 2009**

(expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Comprehensive income**

CICA Handbook Section 1530, "Comprehensive Income", establishes standards for reporting and presenting certain gains and losses normally not included in net earnings or losses, in a statement of comprehensive income. Comprehensive income is the change in the Company's net assets arising from transactions, events and circumstances not related to the Company's shareholders and include items that would not normally be included in net earnings or losses such as unrealized gains or losses on available-for-sale investments. CICA 3251, "Equity", establishes standards for the presentation of equity and changes in equity as a result of the new requirements in CICA 1530.

**(k) Income taxes**

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are recognized in the period for temporary differences between the tax and accounting bases of assets and liabilities as well as for the potential benefit of income tax losses carried forward to future years.

Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. A valuation allowance is recognized to the extent it is considered not more likely than not that future income tax assets will be realized.

**(l) Stock-based compensation**

The Company follows the recommendations of CICA Handbook Section 3870, "*Stock-Based Compensation and Other Stock-Based Payments*". This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. This standard requires that all stock-based awards made to employees and non-employees be measured and recognized using a fair value based method.

**(m) Foreign currency translation**

The Company's functional currency is the Canadian dollar. The subsidiary operations are regarded as being integrated with the other operations of the Company and therefore the temporal method of translation has been applied. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of the transaction. Revenues and expenses are also translated at rates in effect at the time of the transaction. Gains and losses on translation are included in the results from operations.

**(n) Loss per share**

Loss per share is calculated using the weighted average number of shares outstanding. The Company uses the treasury stock method to calculate fully diluted earnings per share.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2009**

(expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Donations**

The Company records donations when amounts are pledged, are reasonably determinable and payment is expected. During fiscal 2007, Global pledged \$250,000 to a major Canadian university to be settled in three tranches over a two-year period. Upon closing of the transaction (Note 2), Lumina assumed the remaining amount of the pledge of \$166,667 which will be paid in December, 2009.

**(p) Goodwill and intangible assets**

Under the purchase method, the cost of business acquisitions is allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of purchase cost over the net fair value of identified tangible and intangible assets and liabilities represents goodwill that is allocated to the business unit acquired.

In January 2008, the CICA issued Handbook Section 3064, "*Goodwill and Intangible Assets*", which replaces Section 3062, "*Goodwill and Other Intangible Assets*". The new standard provides guidance on the recognition of acquired or internally developed intangible assets in accordance with the definition of an asset and clarifies the application of the matching principle to revenues and expenses. The new standard also requires certain pre-production and start-up costs to be expensed as incurred. This standard becomes effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008 with early adoption recommended. The Company adopted this new standard on October 1, 2008. The adoption of this standard had no impact on the Company's consolidated financial statements.

**(q) Future accounting policy changes**

*Business Combinations (Section 1582)*

CICA Handbook Section 1582 was issued in January 2009 to replace Section 1581, "Business Combinations". Section 1582 establishes standards for accounting for business combinations and will apply prospectively to business combinations for acquisitions completed on or after January 1, 2011. The Company has not yet determined the impact of the adoption of this standard on its consolidated financial statements.

*Consolidated Financial Statements (Section 1601) and Non-Controlling Interest (Section 1602)*

CICA handbook Sections 1601 and 1602 were issued in January 2009 and will replace Section 1600, "Consolidated Financial Statements", effective for fiscal years beginning on or after January 1, 2011. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interests in consolidated financial statements. The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

**LUMINA COPPER CORP.***(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2009**

(expressed in Canadian dollars)

**4. SHORT-TERM INVESTMENTS**

The short-term investment has been classified as held-for-trading and is comprised of a term deposit held with a major Canadian bank with a one year term and a maturity date of November 18, 2009. The term deposit is cashable 30 days after purchase with no penalty and bears interest at the rate of 2.3%. The carrying value of the term deposit of \$5,099,562, comprised of the principal amount of \$5,000,000 plus accrued interest of \$99,562, approximated its fair value at September 30, 2009.

The term deposit was renewed upon its maturity on November 18, 2009.

**5. MARKETABLE SECURITIES**

The Company held the following marketable securities:

	Number of Common Shares	Original Cost	Cumulative Adjustment to Fair Value	Fair Value September 30, 2009
Los Andes Copper Ltd.	6,280,000	\$ 4,584,400	\$ (4,019,200)	\$ 565,200
Coro Mining Corp.	1,000,000	976,668	(686,668)	290,000
		\$ 5,561,068	\$ (4,705,868)	\$ 855,200

	Number of Common Shares	Original Cost	Cumulative Adjustment to Fair Value	Fair Value September 30, 2008
Los Andes Copper Ltd.	6,280,000	\$ 4,584,400	\$ (3,202,800)	\$ 1,381,600
Coro Mining Corp.	1,000,000	976,668	(76,668)	900,000
		\$ 5,561,068	\$ (3,279,468)	\$ 2,281,600

The Company has designated these shares as held-for-trading. However, the timing and proceeds from the eventual sale of these shares are dependent to a large extent on market forces that are not within the control of the Company. Therefore, there is a significant amount of uncertainty as to the actual amount of cash the Company would eventually receive upon the sale of these shares. The shares of both companies are publicly traded. Proceeds received on the eventual sale of these shares would be determined by their respective market prices at the time of sale.

**LUMINA COPPER CORP.***(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2009**

(expressed in Canadian dollars)

**6. EQUIPMENT**

	Cost	Accumulated Amortization	Net Book Value September 30, 2009
Furniture and equipment	\$ 46,975	\$ 27,961	\$ 19,014

	Cost	Accumulated Amortization	Net Book Value September 30, 2008
Furniture and equipment	\$ 45,747	\$ 19,130	\$ 26,617

**7. MINERAL PROPERTY**

The Company owns a 100% interest in the Taca Taca property located in Argentina.

	2009	2008
Balance, beginning of year	\$ 2,907,926	\$ 3,329,124
Additions during period:		
Acquisition costs	849,744	-
Property exploration		
Field office and administration	88,839	94,385
Geological	41,860	27,026
Taxes and filing fees	24,877	18,305
Legal	29,371	1,184
Less: Rio Tinto option and maintenance payments received	-	(562,098)
Balance, end of year	\$ 3,942,617	\$ 2,907,926

**Taca Taca Property, Argentina**

The Company owns 100% of the shares of Corriente Argentina SA ("Corriente"). Corriente is the beneficial holder of the Taca Taca mining rights, located in the Salta Province, northwestern Argentina. The property was originally subject to a 1.5% net smelter returns royalty in favour of eight individuals.

In October 2008, an agreement was completed with certain of the royalty holders on the Taca Taca property to reduce the Taca Taca royalty in exchange for \$849,744 (US \$720,000). With the completion of this transaction, the net smelter returns royalty has been reduced to 0.42%.

On January 3, 2008 Global granted an option to a wholly-owned subsidiary of Rio Tinto Minerals Development Limited ("Rio Tinto") to acquire a 75% interest in the Company's Taca Taca property. Pursuant to the terms of the option agreement, Rio Tinto made option and maintenance payments of \$562,098 to the Company before terminating the agreement in August 2008.

**LUMINA COPPER CORP.***(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2009**

(expressed in Canadian dollars)

**8. OTHER INVESTMENTS**

Other investments consist of the following:

	September 30, 2009	September 30, 2008
Investment in Minera San Jorge (Note 8(a))	\$ 1	\$ 1
Share purchase warrants – Los Andes (Note 8(b))	31	12,769
Royalty – Relincho Project (Note 8(c))	1	1
	<u>\$ 33</u>	<u>\$ 12,771</u>

- (a) Global owned 100% of the shares of Minera San Jorge S.A. (“San Jorge”), a company incorporated under the laws of Argentina. San Jorge is the beneficial holder of the San Jorge property, which consists of 2 mining concessions and 44 mining claims (444.6 hectares) located in the Las Heras Department of the Province of Mendoza, Argentina.

Pursuant to an agreement entered into between Global and an arms’ length party, Coro Mining Corp. (“Coro”), on August 9, 2006, and subsequent amendment dated October 18, 2006, Global transferred to Coro its 100% interest in shares of San Jorge.

The consideration agreed to with Coro in connection with the transfer of Global’s shares in Minera San Jorge S.A. consists of:

- (i) US \$1,000,000 payable in three tranches over a two year period to May 10, 2008 (received);
- (ii) 1,000,000 common shares of Coro over a two year period to May 10, 2008 (received – see note 5);

Coro is also required to make royalty payments as follows:

- (iii) upon commencement of commercial production from the mineable, proven and probable sulphide copper reserves, Coro will pay US \$0.02 per pound of contained sulphide copper in the proven and probable reserves as defined by a feasibility study to be completed by Coro; and
- (iv) pay US \$0.02 per pound of contained leachable copper and US \$0.015 per pound of contained sulphide copper for any additional material not defined in the feasibility study.

The rights to receive all future cash and royalty payments from Coro, if any, were transferred to Lumina under the terms of the Arrangement.

On June 12, 2008, and on January 20, 2009, certain terms of the agreement with Coro were amended as follows:

- (v) On or before May 10, 2009, Coro will make a cash payment of US \$500,000 (received - C\$582,900);
- (vi) On or before May 10, 2010, Coro will make a cash payment of US \$2,000,000;

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2009**

(expressed in Canadian dollars)

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**8. OTHER INVESTMENTS (continued)**

- (vii) On or before May 10, 2011, Coro will make a cash payment of US \$4,000,000;
- (viii) On or before May 10, 2012, Coro will make a cash payment of US \$5,000,000;
- (ix) On or before May 10, 2013, Coro will make a cash payment of US \$5,000,000 less the deemed value of the 1,000,000 common shares of Coro already issued under (ii);
- (x) If, after May 10, 2011, Coro completes a bankable feasibility study on either the heap leachable copper resources or the sulphide copper resources, or a combination of both, on the property, Coro will pay the balance of any amounts owing under (vi) to (ix) inclusive within six months from the date of completion of the bankable feasibility study;
- (xi) The additional cash payments totaling up to US \$16,000,000 under (vi) to (x) inclusive will be treated as advance payments on either of the royalty payments under (iii) or (xii) below;
- (xii) Coro will pay an amount equal to US \$0.025 per pound of copper contained in mineable, proven and probable reserves upon commencement of commercial production on the leachable copper resources;
- (xiii) Coro will pay to the Company a 1.5% net smelter return production royalty on all products, other than copper, which may be produced from the San Jorge project, regardless of the size of the resource of such precious metals.

Coro has no obligation to satisfy the consideration not yet received under the terms of this agreement and may also cease to develop or further develop the property. Under these circumstances, the shares of Minera San Jorge S.A., and therefore the San Jorge Property, will be returned to the Company with no further obligations by Coro.

The investment is being carried at a nominal value of \$1. All amounts capitalized on the San Jorge property prior to September 30, 2008 have been reduced by the considerations received. Consideration received in excess of the carrying value has been credited to income. Due to the uncertainty of the amounts and timing of the potential future payments to be received, no value has been ascribed to these payments.

- (b) Global previously owned an interest in the Vizcachitas property located in Chile. In fiscal 2007, Global sold all of its interest in the property to Los Andes Copper Ltd. ("Los Andes"). As part of the consideration of the sale, Global received 6,280,000 common shares (Note 5) and 3,900,000 warrants of Los Andes, exercisable for common shares of Los Andes at a price of \$1.00 per share on or before February 7, 2010. The warrants have been classified as held-for-trading financial instruments. The warrants were transferred to Lumina under the terms of the Arrangement described in Note 2.

**LUMINA COPPER CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2009**

(expressed in Canadian dollars)

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**8. OTHER INVESTMENTS (continued)**

The warrants had an estimated fair value as follows:

Estimated fair value at September 30, 2007	\$	595,096
Adjustment to fair value during fiscal 2008		(582,327)
Estimated fair value at September 30, 2008		12,769
Adjustment to fair value at September 30, 2009		(12,738)
Estimated fair value at September 30, 2009	\$	31

The estimated fair value of the warrants was calculated using the Black-Scholes Option Pricing Model, assuming at September 30, 2009, a risk-free interest rate of 1.3%, expected price volatility of 112%, expected option life of 0.36 years and no expected dividend yield.

As additional consideration for the sale of Vizcachitas, Global was granted net smelter royalties of 2% on revenue generated from open pit operations and 1% on revenues generated from underground operations on certain of the claims that comprise the Vizcachitas property. Due to the uncertainty of the amount and timing of potential royalties being received, no value has been ascribed to this royalty. Rights to receive these royalties were transferred to the Company under the terms of the Arrangement described in Note 2.

- (c) Lumina received a 1.5% net smelter return royalty on the Relincho Project pursuant to the Arrangement, as disclosed in Note 2.

**9. NOTE PAYABLE**

Pursuant to the terms of the Arrangement, Lumina issued to Global a note payable of \$3,711,019. In September 2008, a total of \$1,093,038 was paid by the Company. An adjustment was made in April 2009 to finalize the amount of the note payable and as a result, the remaining balance of the note payable was increased by \$146,687 (Note 12) to \$2,764,668. This balance was paid in full by the Company in April 2009. The note was unsecured and non-interest bearing.

**10. SHARE CAPITAL****(a) Authorized**

An unlimited number of common shares without par value.

**LUMINA COPPER CORP.***(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2009**

(expressed in Canadian dollars)

**10. SHARE CAPITAL (continued)****(b) Issued and outstanding****Common shares:**

	Number of Shares	Amount
Balance, September 30, 2007	-	\$ -
Issued pursuant to the Arrangement of Global for cash, mineral property and other assets, net of transferred liabilities (Note 2)	34,609,149	1
Balance, September 30, 2008 and 2009	34,609,149	\$ 1

**11. STOCK OPTIONS****(a) Options outstanding**

Under the Company's stock option plan, the board of directors may grant options for the purchase of up to a total of 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan may vest over time at the discretion of the board of directors. Exercise prices on options granted under the plan are determined by reference to the market value on the date of the grant. For all options awarded during the year, the market price of the Company's shares on the date of the grant was \$0.44.

A summary of changes to the number of stock options of the Company that were outstanding during the year is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at September 30, 2008	-	-
Granted	387,500	0.47
Outstanding at September 30, 2009	387,500	0.47

All outstanding options may be exercised at a price of \$0.47 per common share on or before January 21, 2014. All of the options vested on February 19, 2009.

**(b) Stock-based compensation**

	Number of Options	Fair Value Amount
Unexercised options, September 30, 2008	-	\$ -
Options granted	387,500	133,062
Unexercised options, September 30, 2009	387,500	\$ 133,062

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(expressed in Canadian dollars)

**11. STOCK OPTIONS (continued)**

The weighted average grant-date fair value of all options awarded during the period was \$0.35.

Pursuant to the Company's accounting policy for stock-based compensation, the fair value of options vesting during the period, in the amount of \$133,062 (2008 - nil) has been expensed. Of this amount, \$98,724 (2008 - nil) has been included in management and administrative services, and \$34,338 (2008 - nil) has been included in property investigations.

The fair value used to calculate the compensation expense related to the stock options granted has been estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.07%
Expected dividend yield	-
Expected stock price volatility	162%
Expected option life in years	2.5
Expected rate of forfeiture	2.0%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

**12. CONTRIBUTED SURPLUS**

Funding provided by Global in 2005, being the balance at September 30, 2005	\$	4,068,857
Funding provided by Global in 2006		350,220
Balance, September 30, 2006		4,419,077
Funding provided by Global in 2007		6,329,451
Balance, September 30, 2007		10,748,528
Funding provided by Global up to August 1, 2008		5,410,483
Balance, transaction date and September 30, 2008		16,159,011
Stock-based-compensation (Note 11)		133,062
Adjustment to note payable (Note 9)		(146,687)
Balance, September 30, 2009	\$	16,145,386

Contributed surplus consists of the transfer of cash, mineral property and other assets, net of liabilities, from Global and Global's historical allocation of general and administrative to the Lumina Copper business, prior to August 1, 2008. No payment of the balance is required.

**13. CAPITAL DISCLOSURES**

The Company's objectives when managing capital are to:

- (a) continue the development and exploration of its mineral property;

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2009**

(expressed in Canadian dollars)

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**13. CAPITAL DISCLOSURES (continued)**

- (b) support any expansion plans; and
- (c) maintain a capital structure which optimizes the cost of capital at acceptable risk.

In the management of capital, the Company includes shareholders' equity.

As at September 30, 2009 and 2008, the Company had no bank indebtedness.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended September 30, 2009 and 2008.

There are restrictions on the movement of capital into and out of Argentina which could impact the Company's ability to repatriate funds and therefore, pay dividends.

**14. SEGMENTED DISCLOSURE**

The Company has one operating segment, mineral exploration, and all capital assets of the Company are located in Canada except for its mineral property interest which, as disclosed in Note 7, is located in Argentina.

The Company operates in two geographical segments: Canada and South America. Corporate administrative activities are conducted in Canada.

**15. MANAGEMENT OF FINANCIAL RISKS**

The Company's financial instruments consist of cash, short-term investments, marketable securities, receivables, warrants included in other investments (Note 8(b)) and accounts payable and accrued liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of cash, short-term investments, receivables, accounts payable and accrued liabilities approximate their carrying values due to their short term maturity.

Besides cash, the Company holds the following financial instruments that are classified as held-for-trading:

- (a) short-term investments (Note 4)
- (b) marketable securities (Note 5)
- (c) warrants included in other investments (Note 8(b))

**Credit Risk**

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. Additional risks associated with marketable securities are disclosed in Note 5.

The Company's exposure to credit risk on its Canadian and US dollar cash and on its short-term investments is limited by maintaining these assets with high-credit quality financial institutions. The Company may be exposed to the credit risk of South American banks which hold cash for the Company's South American operations. The Company limits its exposure to this risk by maintaining

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2009**

(expressed in Canadian dollars)

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**15. MANAGEMENT OF FINANCIAL RISKS (continued)**

minimal cash balances in those countries to fund the immediate needs of its South American subsidiaries.

**Liquidity Risk**

Liquidity risk is the risk that the Company will be unable to meet its financial obligations. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, disposition of assets and accessing the capital markets.

At September 30, 2009 and 2008, the Company's liabilities consisted of trade and other payables which were due within the ensuing year. The Company's cash and short-term investments at September 30, 2009 and 2008 of \$5,799,437 and \$9,415,346 respectively were more than sufficient to pay these current liabilities.

**Market Risks**

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity and equity price risks.

**Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and short-term investments mature and the proceeds are invested at lower interest rates.

Based on the above net exposures as at September 30, 2009 and 2008, and assuming that all other variables remain constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately \$58,000 and \$94,000, respectively, in the Company's interest income.

**Currency Risk**

The functional currency of the Company and its subsidiaries is the Canadian dollar. The carrying amounts of monetary assets and liabilities denominated in currencies other than the Canadian dollar are subject to fluctuations in the underlying foreign currency exchange rates. Gains and losses on such items are included as a component of net loss for the period.

The Company is exposed to foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the Canadian dollar, U.S. dollar, and Argentine peso and the degree of volatility of these rates. The Company raises funds from equity financings primarily in Canadian dollars and pays for a significant amount of expenditures relating to the exploration activities on its mineral property interests in U.S. dollars and Argentine pesos. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. At September 30, 2009 and 2008 the Company's cash is primarily held in Canadian dollars and accordingly the Company's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

**LUMINA COPPER CORP.***(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2009**

(expressed in Canadian dollars)

**15. MANAGEMENT OF FINANCIAL RISKS (continued)****Price Risks**

The Company is exposed to price risks with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's ability to access capital markets due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of copper and the stock market to determine the appropriate course of action to be taken by the Company.

**16. RELATED PARTY TRANSACTIONS**

A total of \$78,484 (2008 - nil) were paid to three private companies controlled by two directors and an officer of the Company for management and technical consulting services.

The Company also paid \$8,530 (2008 - \$1,150) for the rental of office premises to a company related by virtue of a common director.

Related party transactions are recorded at the exchange amount which is the amount of consideration paid or received as established and agreed to between the parties.

**17. INCOME TAXES**

Subject to certain restrictions, the Company has losses of approximately \$948,800 (2008-\$462,500), expiring in various years to 2029, as well as certain exploration expenditures, that may be available to offset future taxable income.

The tax losses expire as follows:

	Canada	Chile	Argentina
2009 (December 31)	\$ -	\$ -	\$ 154,000
2010 (December 31)	-	-	36,200
2011 (December 31)	-	-	33,700
2012 (December 31)	-	-	53,800
2013 (December 31)	-	-	48,000
2014 (December 31)	-	-	47,500
2028	19,300	-	-
2029	484,900	-	-
Without expiry	-	71,400	-
	\$ 504,200	\$ 71,400	\$ 373,200

**LUMINA COPPER CORP.***(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2009**

(expressed in Canadian dollars)

**17. INCOME TAXES (continued)**

Reconciliation of income tax computed at statutory rates to the reported income tax provision is as follows:

	2009	2008
Canadian statutory rate	30.5%	30.5%
Income tax benefit computed at Canadian statutory rates	\$ 412,000	\$ 582,000
Foreign tax rates different from statutory rate	97,000	(7,000)
Unrealized loss on securities	(180,000)	(834,000)
Gain on sale of mineral property	178,000	257,000
Change in valuation allowance	(209,000)	(286,000)
Other differences	(298,000)	288,000
	\$ -	\$ -

Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. Significant components of the Company's future tax assets and liabilities, after applying substantively enacted corporate income tax rates, are as follows:

	2009	2008
Future income tax assets		
Temporary differences		
Marketable securities	\$ 473,000	\$ 307,000
Other assets	111,000	109,000
Income tax losses carried forward	269,000	155,000
Future income tax assets	853,000	571,000
Valuation allowance for future income tax assets	(781,000)	(571,000)
	72,000	-
Future income tax liabilities		
Mineral property interests	(72,000)	-
Future income tax assets, net	\$ -	\$ -



**Management's Discussion and Analysis  
For the Year Ended September 30, 2009**

**December 17, 2009**

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Lumina Copper Corp. ("Lumina" or the "Company") is a resource exploration company with a focus on the exploration, development and advancement of copper exploration projects in Argentina. The Company's primary property is the Taca Taca copper/molybdenum/gold property located in Salta Province in northwestern Argentina. Lumina's head office is in Vancouver, Canada.

The Company was incorporated on May 12, 2008 and commenced operations on August 1, 2008 pursuant to a plan of arrangement (the "Arrangement") by Global Copper Corp. ("Global"). On August 1, 2008 the Company's shares began trading on the TSX Venture Exchange under the symbol "LCC".

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Lumina and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the year ended September 30, 2009. Consequently, the following discussion and analysis should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended September 30, 2009 and 2008. All amounts in this MD&A are in Canadian dollars unless otherwise indicated.

**Forward Looking Information**

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does

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not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industries involve risks and uncertainties and are subject to change based on various factors.

### **Significant Events, Transactions and Activities on Mineral Properties**

In order to better understand the Company's financial results, it is important to gain an appreciation for the significant events, transactions and activities on mineral property interests which had occurred during the year ended September 30, 2009 and to the date of this MD&A.

Leo Hathaway, P. Geo., is the Qualified Person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") for the Company and is responsible for the technical disclosure related to the Taca Taca mineral property in this MD&A. Mr. Hathaway is the Company's Vice President, Exploration.

#### **Taca Taca Property**

The Company owns a 100% interest in the Taca Taca Property, located in Salta Province in north western Argentina. The property was originally subject to a net smelter returns royalty of 1.5% in favour of eight individuals. In October 2008, an agreement was completed with certain of the royalty holders to reduce the royalty in exchange for \$849,744 (US\$720,000). With the completion of this transaction, the royalty has been reduced to 0.42%.

On November 24, 2008 the Company filed an updated NI 43-101 compliant technical report, the "*Taca Taca Technical Report*", on the property. The report was authored by Robert Sim, P. Geo., a Qualified Person as defined by NI 43-101. Additional work recommended in the report included conducting preliminary metallurgical testwork, infill drilling within the current resource to reduce the average drillhole spacing to approximately 250 meters and exploration drilling to test for extensions of the deposit. The report may be obtained from [www.sedar.com](http://www.sedar.com) or from the Company's website at [www.luminacopper.com](http://www.luminacopper.com).

No significant exploration work was conducted on the property during the year ended September 30, 2009. Annual concession fees have been paid in order to maintain the concessions in good standing.

#### **San Jorge Property**

In August, 2006 the Company transferred 100% of its interest in the San Jorge Property to Coro Mining Corp. ("Coro") pursuant to the terms of an agreement (the "San Jorge agreement"). The San Jorge Property is located in Mendoza Province, Argentina. Coro has completed both an updated NI 43-101 compliant resource estimate on the property and a positive NI 43-101 Preliminary Economic Assessment. As a result of the Preliminary Economic Assessment, Coro initiated, completed and filed an Environmental Impact Study with the governmental authorities in Mendoza Province for approval. To date, Coro has spent approximately US\$11 million advancing the project.

Details of the San Jorge agreement and amendments thereon are disclosed in Note 8(a) of the audited consolidated financial statements of the Company for the years ended September 30, 2009 and 2008. On January 20, 2009, the terms of the Coro option agreement were amended. The revised terms include a new timetable for the payment of US\$16 million that extends the payment from being paid over 2 years between 2009 and 2010 to being paid over 4 years from 2010 through 2013. In addition, a net smelter royalty payable to the Company of 1.5% on all metals other than copper, including gold and molybdenum, has been added to the agreement.

### **Financial Results From Operations**

The information provided below highlights the Company's unaudited quarterly results for the past 8 quarters. The financial information referenced below has been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The significant accounting policies are outlined within Note 3 to the audited consolidated financial statements of the Company for the fiscal period ended September 30, 2009 and 2008 and have been followed consistently through the current year.

Lumina effectively commenced operations on August 1, 2008 upon completion of the Arrangement. Details of the Arrangement and the transfer of certain assets and liabilities from Global to Lumina are disclosed in Note 2 of the audited consolidated financial statements for the years ended September 30, 2009 and 2008. These financial statements may be obtained from [www.sedar.com](http://www.sedar.com) or from the Company's website at [www.luminacopper.com](http://www.luminacopper.com).

Upon closing of the Arrangement on August 1, 2008, the Company was exclusively owned by the former Global shareholders. The consolidated financial statements, therefore, have been presented under the continuity-of-interests basis of accounting with balance sheet amounts based on the amounts recorded by Global. Net income or loss for periods prior to August 1, 2008 reflect an allocation of general and administrative expenses incurred in each of these periods by Global. The allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the Taca Taca Property as compared to the total expenditures incurred on all of Global's mineral properties in each of the periods. Management cautions readers that this allocation of expenses does not reflect an accurate presentation of general and administrative expenses that the Company would have incurred had it been an operating entity during those time periods nor do they accurately represent expenses that would be incurred in the future.

### **Summary of Unaudited Quarterly Results**

<b>Three Months Ended:</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Revenue	\$ -	\$ -	\$ -	\$ -
General and administrative expenses	66,119	92,302	326,631	215,828
Other income (expenses)	(110,146)	892,394	157,029	(1,587,767)
Net income (loss) for the period	(176,265)	800,092	(169,602)	(1,803,595)
Earnings (loss) per share Basic and diluted	-	0.02	(0.01)	(0.05)



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<b>Three Months Ended:</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>
Revenue	\$ -	\$ -	\$ -	\$ -
General and administrative expenses	151,785	11,642	10,190	7,455
Other income (expenses)	(2,795,883)	1,134,931	(549,363)	484,041
Net income (loss) for the period	(2,947,668)	1,123,289	(559,553)	476,586
Earnings (loss) per share Basic and diluted	(0.09)	-	-	-

As there were no shares outstanding prior to May 12, 2008, basic and diluted loss per share figures prior to May 12, 2008 were not applicable.

**Selected Annual Financial Information**

	<b>Year Ended September 30, 2009</b>	<b>Year Ended September 30, 2008</b>	<b>Year Ended September 30, 2007</b>
Revenue	\$ -	\$ -	\$ -
General & administration expenses	700,880	181,072	41,191
Other income (expenses)	(648,490)	(1,726,274)	(2,370,552)
Net loss for the year	(1,349,370)	(1,907,346)	(2,411,743)
Basic and diluted loss per share	(0.04)	(0.06)	(0.09)
Mineral properties	3,942,617	2,907,926	3,329,124
Equipment	19,014	26,617	31,159
Other Investments	33	12,771	619,002
Total Assets	10,632,422	14,665,925	8,556,969
Shareholders' equity:			
Share capital	1	1	-
Contributed surplus	16,145,386	16,159,011	10,748,528
Deficit	\$ (5,704,141)	\$ (4,354,771)	\$ (2,447,425)

**Results for the Year Ended September 30, 2009**

Fiscal 2009 was the Company's first full year of operations since the completion of the Arrangement by Global. A comparison of expenses incurred during the current year to expenses incurred in the prior year is not meaningful as fiscal 2008 consisted of only two months of actual operations.

Due to the volatile economic and market conditions that prevailed throughout fiscal 2009, management of the Company focused its activities on reviewing the potential of the Taca Taca property for further exploration work or potential sale, investigating new opportunities and cash conservation.

For the year ended September 30, 2009, the Company incurred a net loss of \$1,349,370 compared to a net loss of \$1,907,346 for fiscal 2008. The loss for the current year consisted of expenses of 700,880, interest and other income of \$111,151, a gain of \$582,900 for a payment received from Coro pursuant to the terms of the San Jorge agreement, foreign exchange gains of \$96,597 and unrealized losses on securities of \$1,439,138.

Expenses during fiscal 2009 included property investigations expenses of \$123,666 for investigations and evaluations of properties for potential acquisition. Legal, audit and accounting expenses totalling \$155,333 were incurred for services in connection with general corporate matters, the year end audit



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and tax advisory services. Investor relations expenses of \$61,219 for activities to raise the Company's profile with financial institutions, analysts and investors.

At September 30, 2009, the fair value of the Company's securities decreased by an aggregate of \$1,439,138 compared to a decrease of \$2,732,860 in the prior year.

The Company's primary assets are its mineral property interests. The Company capitalizes all costs incurred in connection with the acquisition and exploration of its mineral property interests. At September 30, 2009, the carrying value of the Taca Taca Property was \$3,942,617. During the year, the Company expended \$1,034,691 on the Taca Taca Property primarily for the acquisition of the royalty interest as well as for trenching and environmental work and field office costs.

**Results for the Quarter Ended September 30, 2009**

For the three months ended September 30, 2009 the Company incurred a net loss of \$176,265 compared with net income of \$800,092 for the prior quarter ended June 30, 2009. Net loss for the current quarter consisted of expenses of \$66,119, interest income of \$29,322, foreign exchange losses of \$65,211 and unrealized losses on securities of \$74,257. Net income in the prior quarter was achieved due to a cash payment of \$582,900 received from Coro and unrealized gains on securities of \$340,537.

Expenses were significantly lower in the current quarter due to reduced activity.

A total of \$45,007 was expended on the Taca Taca Property during the quarter for trenching and field office costs.

**Additional Disclosure for Venture Issuers Without Significant Revenue**

Additional disclosure concerning Lumina's expenses and mineral property costs is provided in the consolidated statements of loss, comprehensive loss and deficit and in Note 7 of Company's audited consolidated financial statements for September 30, 2009 and 2008.

**Liquidity and Capital Resources**

As at September 30, 2009, the Company had \$699,875 in cash and \$5,099,562 in a term deposit for an aggregate \$5,799,437 in cash reserves (September 30, 2008 - \$9,415,346). The Company had working capital of \$6,479,582 (September 30, 2008 - \$8,856,927). Working capital items, other than cash reserves, consisted of marketable securities with a fair value of \$855,200, receivables of \$8,161, prepaid expenses of \$7,960 and accounts payable and accrued liabilities of \$191,176.

The term deposit matured on November 18, 2009 and was renewed upon maturity.

The decrease in working capital since September 30, 2008 is due primarily to the payment for the reduction of the royalty on the Taca Taca property and the decrease in the fair value of the marketable securities held by the Company. Marketable securities at September 30, 2009 consisted of 6,280,000 common shares of Los Andes having a fair value of \$565,200 (2008 - \$1,381,600) and 1,000,000 common shares of Coro having a fair value of \$290,000 (2008 - \$900,000). The timing and proceeds from the eventual sale of these shares are dependent to a large extent on stock market dynamics that are not within the control of the Company. Therefore, there is a significant amount of uncertainty as to the actual amount of cash the Company would eventually receive upon the sale of these shares. Proceeds received on the eventual sale of these shares would be determined by their respective market prices at



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For the Year Ended September 30, 2009**

**December 17, 2009**

the time of sale. Excluding the value of these shares, working capital at September 30, 2009 was \$5,624,382 (September 30, 2008 - \$6,575,327).

Working capital is defined as current assets minus current liabilities. Working capital calculations or changes are not measures of financial performance, nor do they have standardized meanings, under Canadian generally accepted accounting principles ("Canadian GAAP"). Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable.

The majority of the Company's cash is held at the Bank of Montreal, a major chartered bank in Canada, and approximately \$52,000 is held at Scotiabank Sud Americano, a major bank in Chile. The term deposit is held at the Bank of Montreal. There are no known liquidity issues associated with these banks.

The Company has no long-term debt obligations, commitments or off-balance sheet arrangements.

To date, the capital requirements of Lumina (and previously, Global) have been met by equity proceeds and from the proceeds of sale of mineral property interests. The Company's continuing operations as intended are dependent on management's ability to raise required funding through future equity issuances, debt financing, asset sales or a combination thereof (*refer to Risks and Uncertainties below*). Management is of the opinion that the Company has sufficient working capital, even with the exclusion of its marketable securities, to meet its administrative overhead for a number of years.

**MANAGEMENT OF FINANCIAL RISKS**

The Company's financial instruments consist of cash, short-term investments, marketable securities, receivables, warrants included in other investments and accounts payable and accrued liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of cash, short-term investments, receivables, accounts payable and accrued liabilities approximate their carrying values due to their short term maturity.

Besides cash, the Company holds the following financial instruments that are classified as held-for-trading:

- (a) short-term investments
- (b) marketable securities
- (c) warrants included in other investments

**Credit Risk**

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. Additional risks associated with marketable securities are disclosed in Note 5 in the audited consolidated financial statements for the year ended September 30, 2009 and 2008.

The Company's exposure to credit risk on its Canadian and US dollar cash and on its short-term investments is limited by maintaining these assets with high-credit quality financial institutions. The Company may be exposed to the credit risk of South American banks which hold cash for the Company's South American operations. The Company limits its exposure to this risk by maintaining minimal cash balances in those countries to fund the immediate needs of its South American subsidiaries.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will be unable to meet its financial obligations. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, disposition of assets and accessing the capital markets.

At September 30, 2009 and 2008, the Company's liabilities consisted of trade and other payables which were due within the ensuing year. The Company's cash and short-term investments at September 30, 2009 and 2008 of \$5,799,437 and \$9,415,346, respectively, were more than sufficient to pay these current liabilities.

### **Market Risks**

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity and equity price risks.

#### ***Interest Rate Risk***

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and short-term investments mature and the proceeds are invested at lower interest rates.

Based on the above net exposures as at September 30, 2009 and 2008, and assuming that all other variables remain constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately \$58,000 and \$94,000, respectively, in the Company's interest income.

#### ***Currency Risk***

The functional currency of the Company and its subsidiaries is the Canadian dollar. The carrying amounts of monetary assets and liabilities denominated in currencies other than the Canadian dollar are subject to fluctuations in the underlying foreign currency exchange rates. Gains and losses on such items are included as a component of net loss for the period.

The Company is exposed to foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the Canadian dollar, U.S. dollar, and Argentine peso and the degree of volatility of these rates. The Company raises funds from equity financings primarily in Canadian dollars and pays for a significant amount of expenditures relating to the exploration activities on its mineral property interests in U.S. dollars and Argentine pesos. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. At September 30, 2009 and 2008 the Company's cash is primarily held in Canadian dollars and accordingly the Company's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

#### ***Price Risks***

The Company is exposed to price risks with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's ability to access capital markets due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due

to commodity price movements and volatilities. The Company closely monitors commodity prices of copper and the stock market to determine the appropriate course of action to be taken by the Company.

### **Share Capital**

As at September 30, 2009 and to the date of this MD&A, the Company had 34,609,149 issued and outstanding common shares.

At September 30, 2009 and to the date of this MD&A, the Company had stock options outstanding for the acquisition of up to 387,500 common shares exercisable at a price of \$0.47 per share to January 21, 2014.

### **Related Party Transactions**

A total of \$78,484 (2008 - nil) were paid to three private companies controlled by two directors and an officer of the Company for management and technical consulting services.

The Company also paid \$8,530 (2008 - \$1,150) for the rental of office premises to a company related by virtue of a common director.

### **Outlook**

Management has been conducting a strategic review to determine the appropriate course of action to enhance shareholder value at Taca Taca. The review includes evaluating the merits of a drill program to expand the existing resource and to evaluate deeper targets, joint venturing the project or selling it.

At San Jorge, Coro is awaiting the Mendoza government's approval of its previously filed Environmental Impact Study ("EIS"). The approval process includes a third party technical review of the Study, a ministerial review and public consultation. The process is well advanced and the company expects the process to be completed in early 2010.

### **Critical Accounting Policies and Management's Estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used in determining the valuation of deferred mineral property exploration costs, the fair values of stock options and financial instruments, asset retirement obligations and future income tax assets. The Company evaluates its estimates on an on-going basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates form the basis for making judgments about the carrying value for assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. Should the Company be unable to meet its ongoing obligations, the realizable value of its assets may decline materially from current estimates.

The accounting policies described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

### **Going Concern**

The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity or debt financing or to sell its assets or the attainment of profitable operations to meet the Company's liabilities as they become payable. Management is required to assess the Company's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, these uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. Management has completed this assessment and concluded it is appropriate that these consolidated financial statements are prepared on a going concern basis.

### **Mineral property costs**

The Company capitalizes all costs related to investments in mineral property interests on a property by property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property sold or the mineral rights are allowed to lapse.

During the period, the capitalized costs are reviewed on a property by property basis to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount less than the deferred costs, the property is written down to its fair value to recognize the impairment.

Capitalized costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

### **Financial Instruments**

CICA Handbook Section 3855, "*Financial Instruments – Recognition and Measurement*", requires that all financial assets (except those classified as loans and receivables or held-to-maturity), and derivative financial instruments must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held-for-trading; otherwise, they are measured at amortized cost. Investments classified as held-for-trading are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses included in earnings for the period. Investments classified as available-for-sale are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are not adjusted to fair market value. The Company has classified cash, short-term investment, marketable securities and warrants included in other investments as held-for-trading, receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

### **New accounting policy**

#### **Goodwill and intangible assets**

Under the purchase method, the cost of business acquisitions is allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of

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purchase cost over the net fair value of identified tangible and intangible assets and liabilities represents goodwill that is allocated to the business unit acquired.

In January 2008, the CICA issued Handbook Section 3064, "*Goodwill and Intangible Assets*", which replaces Section 3062, "*Goodwill and Other Intangible Assets*". The new standard provides guidance on the recognition of acquired or internally developed intangible assets in accordance with the definition of an asset and clarifies the application of the matching principle to revenues and expenses. The new standard also requires certain pre-production and start-up costs to be expensed as incurred. This standard becomes effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008 with early adoption recommended. The Company adopted this new standard on October 1, 2008. The adoption of this standard had no impact on the Company's consolidated financial statements.

#### **Future accounting policy changes**

##### *Business Combinations (Section 1582)*

CICA Handbook Section 1582 was issued in January 2009 to replace Section 1581, "Business Combinations". Section 1582 establishes standards for accounting for business combinations and will apply prospectively to business combinations for acquisitions completed on or after January 1, 2011. The Company has not yet determined the impact of the adoption of this standard on its consolidated financial statements.

##### *Consolidated Financial Statements (Section 1601) and Non-Controlling Interest (Section 1602)*

CICA handbook Sections 1601 and 1602 were issued in January 2009 and will replace Section 1600, "Consolidated Financial Statements", effective for fiscal years beginning on or after January 1, 2011. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interests in consolidated financial statements. The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

#### **International Financial Reporting Standards ("IFRS")**

Lumina is required to prepare its financial statements in accordance with IFRS commencing with its interim consolidated financial statements for the three-month period ending December 31, 2011 with the restatement for comparative purposes of amounts reported by the Company for its interim consolidated financial statements for the three-month period ending December 31, 2010. The Company has begun assessing the adoption of IFRS for fiscal 2012 and will implement a comprehensive program to manage the transition to IFRS. The program will focus on the key areas impacted by IFRS, including financial reporting, systems and processes, communications and staff training. As the Company has only just begun its assessment, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

#### **Disclosure Controls and Procedures**

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of September 30, 2009 and to the date of this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

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## Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

*(1) The mineral property interests of the Company are in the exploration stage only and consequently, exploration of the Company's mineral property interests may not result in any discoveries of commercial bodies of mineralization.*

The property interests owned by the Company are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The Company's mineral exploration activities may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

*(2) Government expropriation may result in the total loss of the Company's mineral property interests.*

Even if the Company's mineral property interests are proven to host economic reserves of copper or other precious or non-precious metals, governmental expropriation may result in the total loss of the Company's mineral property interests without any compensation to the Company.

*(3) Governmental regulation may have negative impacts on the Company.*

The Company's activities are subject to extensive Canadian, Chilean and Argentine federal, state, provincial, territorial and local laws and regulations governing various matters, including, but not limited to:

- environmental legislation and protection;
- management and use of toxic substances and explosives;
- management of natural resources;
- exploration, development of mines, production and post-closure reclamation;
- exports;
- price controls;
- taxation;
- mining royalties;
- onerous development criteria;
- labour standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

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The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties which may be implemented or threatened in Chile and Argentina) or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits against the Company based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even those actions of parties from whom the Company acquired its properties, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. It is difficult to strictly comply with all regulations imposed on the Company. The Company retains competent and well trained individuals and consultants in jurisdictions in which it does business; however, there is no certainty that the Company will continuously be compliant with all applicable laws. The failure to comply with all applicable laws could lead to financial restatements, fines, penalties and other material negative impacts on the Company.

(4) *Failure to comply strictly with applicable mining laws, regulations and local practices may have a material adverse impact on the Company's operations or business.*

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriations of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Any such loss, reduction or imposition of partners could have a material adverse impact on the Company's operations or business. Further, the increasing complexity of mining laws and regulations may render the Company incapable of strict compliance.

(5) *The exploration and future development of the Company's property interests is subject to extensive environmental laws and regulations.*

The Company's exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and protected species. The Company's ability to obtain permits and approvals and to successfully operate in particular communities may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Company's ability to explore or develop its properties. The Company has made, and expects to make in the future, significant expenditures to comply with such laws and regulations and to the extent possible, create social and economic benefit in the surrounding communities. Future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have an adverse impact on the Company's financial condition.

(6) *The Company may not be able to obtain or renew permits that are necessary to its operations.*

In the ordinary course of business, the Company is required to obtain and renew governmental permits for existing operations and any ultimate development, construction and commencement of new mining operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the permitting authority. The Company may

not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

*(7) The Company has no significant source of operating cash flow and failure to generate revenues in the future could cause the Company to go out of business.*

The Company has no revenues from operations and has recorded losses since inception. Based upon current plans, the Company expects to incur operating losses in future periods due to continuing expenses associated with the holding and exploration of the Company's mineral property interests. The Company has limited financial resources and its ability to achieve and maintain profitability and positive cash flow is dependent upon the Company being able to:

- locate a profitable mineral property;
- generate revenues in excess of expenditures; and
- reduce exploration and administrative costs in the event revenues are insufficient.

Additional funds raised by the Company through the issuance of equity or convertible debt securities will cause the Company's current shareholders to experience dilution. Such securities may grant rights, preferences or privileges senior to those of the Company's common shareholders. There is no certainty the Company will be able to raise funds in the event it needs to do so.

The Company does not have any contractual restrictions on its ability to incur debt and accordingly, the Company could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain covenants, which would restrict the Company's operations.

*(8) The mineral exploitation industry is intensely competitive in all its phases and the Company competes with many companies possessing greater financial resources and technical facilities.*

The mineral exploitation industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical abilities than itself for the acquisition of mineral concessions, claims, leases, other mineral interests, and equipment required to conduct its activities as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates and global or regional consumption patterns, speculative activities, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

*(9) Substantial expenditures are required to be made by the Company to establish mineral reserves and the Company may not either discover minerals in sufficient quantities or grade or may not have the necessary required funds.*

Substantial expenditures are required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources in accordance with the CIM Guidelines. Although substantial

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benefits may be derived from the discovery of a major mineralized deposit, the Company may not discover minerals in sufficient quantities or grades to justify commercial operation and the funds required for development may not be obtained on a timely basis. Estimates of mineral reserves and mineral resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grade of mineral ultimately mined may differ from that indicated by drilling results. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratios or recovery rates may affect the economic viability of any project.

*(10) The lack of available infrastructure may adversely affect the Company's operations and profitability.*

Mining, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the development of the Company's projects will be commenced or completed on a timely basis, if at all; the Company's operations will achieve anticipated results; or the construction costs and ongoing operating costs associated with the development of the Company's advanced-stage exploration projects will not be higher than anticipated. In addition, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

*(11) The Company currently has limited insurance covering its assets or operations and as a consequence, could incur considerable costs.*

Mineral exploration involves risks which, even with a combination of experience, knowledge and careful evaluation, mineral exploration companies may not be able to overcome. Operations in which the Company has a direct or indirect interest may be subject to all the hazards and risks normally incidental to exploration of precious and non-precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company presently has very limited commercial liability insurance and does not presently intend to increase its liability insurance. As a result of having limited insurance, the Company could incur significant costs that could have a materially adverse effect upon its financial condition and even cause the Company to cease operations. To date, the Company has not experienced any material losses due to hazards arising from its operations.

*(12) The Company's mineral property interests may be subject to prior unregistered agreements or transfers and as such title to some of the Company's mineral property interests may be affected.*

Although the Company has sought and received such representations as it has been able to achieve from vendors in connection with the acquisition of or options to acquire an interest in its mining properties and has conducted limited investigations of legal title to each such property, the mining properties in which the Company has an interest may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

*(13) The price of copper, base and precious metals has fluctuated widely in recent years and may adversely affect the economic viability of any of the Company's mineral properties.*

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of copper and other precious and non-precious metals. The price of those commodities has fluctuated

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widely, particularly in recent years, and is affected by numerous factors beyond the Company's control, including: international economic and political trends; expectations of inflation, currency exchange fluctuations; interest rates; consumption patterns; speculative activities; and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of copper, base and precious metals and therefore, the economic viability of any of the Company's mining properties, cannot be accurately predicted but may adversely affect the Company's operation and its ability to raise capital.

*(14) The business of exploration for minerals involves a high degree of risk; as a result, few properties that are explored are ultimately developed into producing mines.*

The Company's exploration activities are subject to a high degree of risk due to factors that, in some cases, cannot be foreseen or anticipated. The operations of the Company may be disrupted by a variety of risks and hazards which may be beyond the control of the Company. These risks include, but are not limited to, labour disruptions, the inability to obtain adequate sources of power, water, labour, suitable or adequate machinery and equipment and consultants or other experts. In addition, the Company may be unable to acquire or obtain such things as water rights and surface rights which may be critical for the continued advancement of exploration activities on its mineral property rights.

*(15) All of the Company's mineral properties are in foreign countries and as such, that portion of Company's business may be exposed to various levels of political, economic and other risks and uncertainties.*

All of the Company's properties are located in Argentina. As the Company's business is carried on in foreign countries, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. The status of Chile and Argentina as developing countries may make it more difficult for the Company to obtain any required exploration financing for its projects.

Changes, if any, in mining or investment policies or shifts in political attitude in either Chile or Argentina may adversely affect the Company's operations or potential profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or potential profitability.

(16) *Foreign Subsidiaries*

The Company conducts operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

(17) *The possible issuance of additional shares may impact the value of the Company's common shares.*

The Company is authorized to issue an unlimited number of common shares without par value. It is the Company's intention to issue more common shares. Sales of substantial amounts of common shares (including shares issuable upon the exercise of stock options, the conversion of notes and the exercise of warrants), or the perception that such sales could occur, could materially adversely affect prevailing market prices for the common shares and the ability of the Company to raise equity capital in the future.

(18) *The Company's future performance is dependent on key personnel. The loss of the services of any of the Company's executives or directors could have a material adverse effect on the Company's business.*

The Company's performance is substantially dependent on the performance and continued efforts of the Company's executives and its board of directors. The loss of the services of any of the Company's executives or directors could have a material adverse effect on the Company business, results of operations and financial condition. The Company currently does not carry any key person insurance on any of its executives or directors. The Company has limited resources and is currently unable to compete with larger organizations with respect to compensation and perquisites.

(19) *The Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. and Canadian dollar.*

The Company's expenditures are predominantly in U.S. dollars and any future equity financing raised is expected to be predominantly in Canadian dollars. The Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. and Canadian dollar, and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.

Additional information about the Company may be found on [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.luminacopper.com](http://www.luminacopper.com).