Management's Discussion and Analysis
For the Nine Months Ended June 30, 2011 **August 12, 2011**

INTRODUCTION

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 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 unaudited consolidated financial statements of the Company and the notes thereto for the three and nine months ended June 30, 2011 and 2010 and, consequently should be read in conjunction with the afore-mentioned financial statements and notes thereto. In addition, this MD&A should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended September 30, 2010 and 2009.

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.luminacopper.com.

The Company reports its financial information in Canadian dollars and all monetary amounts set forth herein are expressed in Canadian dollars unless specifically stated otherwise. The financial information presented in this MD&A has been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's significant accounting policies are outlined within Note 2 to the audited consolidated financial statements of the Company for the years ended September 30, 2010 and 2009. All accounting policies have been followed consistently through the current period.

Andrew Carstensen, CPG, 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. Carstensen is the Company's Vice President, Exploration.

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. This MD&A contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include statements with respect to:

- the Company's exploration program at its Taca Taca project in Argentina and possible related discoveries of new mineralization or increases to the Company's reported mineral resource;
- the Company's metallurgical testing and engineering programs in connection with Taca Taca;
- the Company's planned conversion to International Financial Reporting Standards and possible impacts of these new accounting standards and accounting policy choices made by the Company;
- the impact to the Company of future accounting standards and discussion of risks and uncertainties around the Company's business; and
- the adequacy of the Company's capital resources and its ability to raise additional financing and continue as a going concern.

In general, 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 at Taca Taca; 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, perhaps 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 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 the data is subject to change based on various factors.

OVERVIEW OF SIGNIFICANT EVENTS AND REVIEW OF ACTIVITIES

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 occurred during the period ended June 30, 2011 and to the date of this MD&A.

Taca Taca Property

The Company owns a 100% interest in the Taca Taca Property, located in Salta Province in north western Argentina, subject to a net smelter returns royalty of 1.5% (of which 1.08% is currently owned by Lumina Royalty Corp. – see "*Corporate Reorganization*" section below).

The Company has filed an updated NI 43-101 compliant technical report, as amended on January 22, 2010, entitled *"Amended Taca Taca Technical Report",* on the property (the "Report"). 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 metres and exploration drilling to test for extensions of the deposit. The Report may be obtained under the Company's profile on SEDAR at www.sedar.com or from the Company's website at www.luminacopper.com.

Following the results of the Report, the Company completed a technical review to determine the appropriate development route for the project. This review included mine planning studies and an evaluation of the expansion potential of the existing mineral resource. The results of the review showed that potential additional value may be added to the project by extending the existing mineral resource to the north and identifying new areas of higher grade mineralization to the south and at depth and recommended that an exploration program be conducted.

In May 2010, the Company commenced the exploration program with a deep ground penetrating geophysical survey utilizing Quantec Geoscience's proprietary Titan24 Deep Earth Imaging System to identify buried copper porphyry bodies. The Titan24 survey was completed in June 2010. In August 2010, the Company commenced a first phase drill program to evaluate the deep targets generated from the Titan24 survey and potential northern extensions of the existing mineral resource. In addition, a preliminary metallurgical testing program was initiated to evaluate the amenability of the Taca Taca mineralization to flotation and concentration.

In February 2011, following completion of a private placement financing (for net proceeds of $14,853,759) the exploration and development program on the Taca Taca Property was expanded to include:

- a drill program totalling approximately 43,000 metres, including geotechnical drilling;
- a comprehensive metallurgical testing program; and
- engineering studies, including mine planning, process engineering and design, infrastructure layouts and logistics including transportation, water and power supply.

Current expectations are that the expanded exploration and drilling program will be completed during the fourth quarter of 2011, subject to possible further expansion as described in the "Outlook" section of this MD&A.

Between January and early August 2011, the Company announced the results of twenty four holes drilled as part of the drilling program. The results announced in July 2011 were highlighted by holes TTBJ11-14 that intersected 254 metres grading 0.95% copper, 0.20g/t gold and 0.02% molybdenum (1.20% copper equivalent[(1)]) including 198 metres grading 1.06% copper, 0.22 g/t gold and 0.02% molybdenum (1.30% copper equivalent[(1)]) and TTBJ11-16 that intersected 187 metres grading 0.99% copper, 0.10 g/t gold and 0.013% molybdenum (1.13% copper equivalent[(1)]) including 84 metres grading 1.81% copper and 0.27 g/t gold and 0.04% molybdenum (2.21% copper equivalent[(1)]).

The results announced in August 2011 were highlighted by holes TTBJ11-19, 20, 21 and 26 that intersected long (greater than 450 metres) intervals of copper mineralization suggesting that mineralization at Taca Taca may extend deeper than previously thought. Hole TTBJ11-26 intersected 578 metres grading 0.64% copper, 0.16g/t gold and 0.02% molybdenum (0.85% copper equivalent[(1)]) including 228 metres grading 0.82% copper, 0.21g/t gold and 0.02% molybdenum (1.06% copper equivalent) while hole TTBJ11-19 intersected 611 metres grading 0.56% copper, 0.11g/t gold and 0.02% molybdenum (0.79% copper equivalent[(1)]).

[[(1)] Copper equivalent calculated using US$2.00/lb Cu, US$800/oz Au and US$12.00/lb Mo and is not adjusted for metallurgical recoveries as these remain uncertain. The formula used is as follows: CuEQ = Cu% + (Au g/t x 0.583) + (Mo% x 6).]

The results from drill holes TTBJ11-14, 16 and 17 are collectively the highest continuous copper grades encountered to date at Taca Taca. Hole TTBJ11-16 is of particular interest in that it was drilled along the north-eastern margin of the high grade zone and ended in material grading 0.5% copper. Holes TTBJ11-16 and 17 have extended and confirmed the high grade zone in a north easterly direction. Due to the average grade and length of mineralization encountered, the high grade zone appears to extend further to the north and east than previously predicted.

Previous analysis of the assay results from the bottom of drill holes completed to date suggested that mineralization may extend deeper than that contained within the NI 43-101 compliant mineral resource estimate that has an average thickness of 350 metres. Accordingly, the drill program was adjusted to drill deeper to an average depth of 750 metres and the assay results from holes TTBJ11-19, 20, 21 and 26 show that mineralization does extend significantly deeper at Taca Taca.

In 1999, Rio Tinto conducted a small drill program at Taca Taca to evaluate the oxide mineralization potential of the leach cap overlying the known mineral resources. That program intersected areas of oxide gold and copper mineralization with average grades up to 0.5 g/t gold and 0.5% copper over intervals up to 60 meters thick. The current drill program has started to systematically assay material from the leach cap and the initial results suggest that additional zones of oxide copper and gold may be present as highlighted in Hole TTBJ11-22 that intersected 141 meters grading 0.4g/t gold.

The drill program is focused on defining a higher grade zone within the known NI 43-101 compliant mineral resource estimate as well as expanding known mineralization to the north. To date, 38 core holes totalling 21,373 metres and 15 reverse circulation holes totalling 2,366 metres have been completed and 4 drill rigs are currently operating on the project (3 core and one RC). Two additional core drills and one RC are expected to arrive at Taca Taca in August. The RC rigs are being used to pre-collar core holes to expedite the program and receipt of exploration results. RC drilling will also be used in exploring and delineating the gold and copper zones known to exist in the oxide cap of the Taca Taca porphyry system.

In January 2011, the Company announced preliminary results from its initial metallurgical testing program which indicate that a high grade copper concentrate and a saleable molybdenum concentrate can be produced from both supergene and primary mineralized material. The test work, completed at C.H. Plenge & CIA. S.A. in Lima, Peru, was conducted on two composite samples each comprising approximately 60 kilograms of core material from three drill holes in the supergene and primary mineralized zones. The locked cycle flotation test was completed at a coarse grind of 80% passing 150 microns and regrind of 22 and 18 microns for the supergene and primary composites respectively and recovered approximately 85% copper on both composites. Molybdenum recovery was approximately 44% for the supergene and 52% for the primary composites. The molybdenum separation test was completed using an open circuit. The scope of the testing did not include optimizing gold or molybdenum recoveries or concentrate grades. In addition, the test work showed that arsenic levels in the copper concentrates produced from the supergene and primary samples were low at 0.023% As and 0.027% As respectively.

The Company is also continuing to perform engineering studies including preliminary infrastructure and tailings site layouts and locations, transportation and logistics, power and water supply.

Corporate Reorganization

On June 16, 2011 Lumina completed a strategic reorganization of its business, by way of plan of arrangement (the "Lumina Arrangement") under the *Business Corporations Act* (British Columbia) which resulted in the Company transferring the following assets to a newly incorporated company called Lumina Royalty Corp ("LRC").

- A 1.5% Net Smelter Return ("NSR") royalty on Teck Resources Limited's Relincho copper/molybdenum advanced development stage project located in Chile;
- A 1% NSR royalty on underground operations and a 2% NSR royalty on open pit operations of Los Andes Copper Ltd's Vizcachitas copper/molybdenum project located in Chile;
- A copper royalty, including the advance royalty payments not yet paid, on Coro Mining Corp.'s San Jorge copper/gold/molybdenum project located in Argentina;
- A 1.5% NSR royalty on all metal production, other than copper, on Coro Mining Corp.'s ("Coro") San Jorge project;
- Cash of $1,552,000 (of which $852,000 was used by LRC to purchase a 1.08% NSR royalty on Lumina's Taca Taca copper/gold/molybdenum project located in Argentina. The Taca Taca royalty was purchased from another subsidiary which will remain a subsidiary of Lumina); and
- 1,000,000 shares of Coro Mining Corp. and 6,280,000 shares of Los Andes Copper Ltd.

The Lumina Arrangement resulted in the issuance of 37,679,149 LRC common shares and 1,897,500 stock options to purchase LRC common shares. Lumina shareholders as at 11:59 p.m. on June 16, 2011, (the "Effective Time") each received, as a distribution in respect of a reduction of capital, one common share of LRC for each common share of Lumina held at the Effective Time.

Following completion of the Lumina Arrangement, the Company holds the Taca Taca Property as its primary asset and continues to trade as a public company on the TSX Venture Exchange.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited consolidated financial statements of the Company for the three and nine months ended June 30, 2011 and 2010 along with other public disclosure documents of the Company.

For the three months ended June 30, 2011 the Company reported net income of $137,212 compared to net income of $1,831,541 for the three months ended June 30, 2010. For the nine months ended June 30, 2011, the Company reported net income of $1,156,957 (2010 - $2,024,826).

The Company's results of operations include the accounts of Minera Global Copper Chile S.A. and Lumina Royalty Corp. up to the period ended June 16, 2011 when these companies ceased to be wholly-owned subsidiaries of Lumina following completion of the Lumina Arrangement.

Further details and discussion of the Company's expenses and other income are described below.

General and Administrative Expenses

General and administrative ("G&A") expenses during the three months ended June 30, 2011 were $858,809 compared to $99,367 for the three months ended June 30, 2010. Excluding non-cash expenses for stock-based compensation (2011 - $130,884; 2010 - $14,526) and amortization (2011 - $932; 2010 - $1,209) the G&A expenses for the three months ended June 30, 2011 were $726,993 compared to $83,632 for the three months ended June 30, 2010.

G&A expenses during the nine months ended June 30, 2011 were $1,587,364 compared to $385,012 for the nine months ended June 30, 2010. Excluding non-cash expenses for stock-based compensation (2011 - $395,248; 2010 - $14,526) and amortization (2011 - $2,706; 2010 - $3,711) the G&A expenses for the nine months ended June 30, 2011 were $1,189,410 compared to $366,775 for the nine months ended June 30, 2010.

The overall increase in G&A (cash) expenditures during the period arose primarily as a result of legal and accounting fees related to the corporate reorganization of Lumina as described above under "Corporate Reorganization" and higher stock-based compensation expense. Legal and accounting fees increased by $525,662 and $690,202 for the three and nine month periods ended June 30, 2011 respectively, compared to the prior year equivalent periods.

Stock-based compensation expense (which is included in "management and administrative services" expenses in the statements of income) was $130,884 and $395,248 for each of the three and nine month periods ended June 30, 2011 respectively compared to $14,526 for the prior year periods and fluctuates from period to period depending on the timing of stock option grants and the vesting period thereof. The stock-based compensation value was calculated using the Black-Scholes valuation model (see Note 9 to the unaudited consolidated financial statements for the three and nine months ended June 30, 2011 for additional details on the assumptions used to value the stock options granted).

Other Income (Expenses)

(Loss) gain on marketable securities: For the three months ended June 30, 2011, Lumina recorded a loss on its marketable securities of $904,000 (2010 – $275,600). For the nine months ended June 30, 2011, the Company recorded a gain of $966,400 (2010 - $248,370). The gains and losses arose as a result of changes in quoted market prices for the securities held by the Company as at the reporting period end compared to prior periods. The Company's marketable securities were transferred to LRC under the terms of the Lumina Arrangement and its related pre-Arrangement transaction steps (at their book value as at the transfer date); the reported gains and losses reflect the change in market value during the reporting period until June 16, 2011, which is the day the Lumina Arrangement was finalized.

The Company designated its marketable securities as held for trading assets which are carried on the balance sheet at each reporting period at their fair value (based on number of shares held and quoted market prices). Fluctuations in fair value are recorded in the Company's statement of income. Further details relating to the Company's marketable securities are included in Note 4 to the unaudited consolidated financial statements for the period ended June 30, 2011.

San Jorge proceeds received: During the three and nine months ended June 30, 2011, the Company recorded receipt of $3,781,940 (US$ 4 million) from Coro Mining Corp. which related to the payment due from Coro with regard to its acquisition of the San Jorge project. Further details can be obtained in Note 7 (a) to the unaudited consolidated financial statements at June 30, 2011. In the prior year equivalent period, the Company received $2,148,770 (US$ 2 million). These payments were received from Coro in accordance with the agreement in place between the two companies. Future royalty advance payments will now be received by Lumina Royalty Corp. following the transfer of the interest in the San Jorge project to LRC under the terms of the Lumina Arrangement.

Foreign exchange gain (loss): The Company reported a foreign exchange gain of $76,972 and loss of $70,989 for the three and nine months ended June 30, 2011 (2010 equivalent periods – gain of $49,844 and loss of $19,682 respectively). The Company conducts its business using several currencies (Canadian dollar, U.S. dollar, Chilean peso and Argentinean peso) while the functional currency and financial statements of Lumina and its subsidiaries are Canadian dollars. Accordingly, fluctuations in currency exchange rates impact recorded income/loss in the Company's consolidated financial statements. A summary of the Company's foreign currency exposure at June 30, 2011 can be reviewed at Note 14(e) of the unaudited consolidated financial statements for the period ended June 30, 2011.

Income taxes: The Company has accrued $2,000,000 for income taxes payable at June 30, 2011 which represents management's current estimate as to the amount of corporate tax due upon the transfer of assets to LRC pursuant to the Lumina Arrangement. The taxes are payable in both Canada and Chile and fall due in November 2011 and April 2012 respectively. Taxes payable arose as a result of the transfer of assets from Lumina to LRC at market value on the date of transfer which, for the most part, exceeded the tax cost base.

Mineral Property

The Company capitalizes costs incurred in connection with the acquisition and exploration of its mineral property interests. At June 30, 2011, the carrying value of the Taca Taca Property was $12,294,990 (September 30, 2010 - $5,491,771). During the nine months ended June 30, 2011, the Company incurred expenditures of $7,652,963 on the Taca Taca Property (2010 - $596,562) which reflected the costs of the current drill program initiated in August 2010 (as further expanded in scope in early 2011). Expenditures in the three months ended June 30, 2011 totalled $5,259,950 (2010 - $457,885). A breakdown of significant cost areas can be reviewed in Note 6 to the unaudited consolidated financial statements for the period ended June 30, 2011.

Related Party Transactions

For the nine months ended June 30, 2011, $135,200 (2010 - $110,350) was paid to four private companies controlled by directors and officers of the Company for management and technical consulting services. The Company also paid $9,749 (2010 - $4,105) for the rental of office premises to a company related by virtue of a common director.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The information provided below highlights the Company's unaudited quarterly results for the past eight quarters. The financial information referenced below has been prepared in accordance with Canadian GAAP. The Company's significant accounting policies are outlined within Note 2 to the audited consolidated financial statements of the Company for the fiscal periods ended September 30, 2010 and 2009 and have been followed consistently through the current period.

Three Months Ended:	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Revenue	$ -	$ -	$ -	$ -
G&A expenses	858,809	488,846	239,709	541,231
Other income (expenses)	2,996,021	(397,185)	2,145,485	757,380
Income taxes	2,000,000	-	-	-
Net income (loss)	137,212	(886,031)	$ 1,905,776	$ 216,149
Earnings (loss) per share – basic and diluted	0.005	(0.02)	$ 0.05	$ 0.005

Three Months Ended:	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009
Revenue	$ -	$ -	$ -	$ -
G&A expenses	92,302	147,711	137,933	66,119
Other income (expenses)	892,394	171,680	307,249	(110,146)
Income taxes	-	-	-	-
Net income (loss)	$ 800,092	$ 23,969	$ 169,316	$ (176,265)
Earnings (loss) per share – basic and diluted	$ 0.02	$ 0.00	$ 0.005	$ (0.00)

The Company is currently performing exploration and development activities on its mineral property and is not generating revenues. The operations of the Company are not necessarily consistent from period to period as expenditures are determined by reference to active programs at any particular time (such as the currently initiated exploration program at the Taca Taca Project) and expenses will fluctuate as activities are either increased or curtailed depending on particular facts, circumstances and timing. The quarterly results of the Company are often impacted by "one-time" reporting events such as the receipt of proceeds from Coro relating to the San Jorge Project (included in other income for the quarters ended June 30, 2011 and 2010 as presented above) or fluctuations in the fair value of marketable securities. Accordingly, it is not necessarily appropriate to compare one quarter to that immediately preceding it or to the prior period equivalent as activities and costs will not be based on consistent activities.

For the three months ended June 30, 2011 the Company realized net income of $137,212 which was primarily due to the gain from disposition of the San Jorge project less the Company's operating G&A expenditures (including reorganization costs) and income taxes relating to the Lumina Arrangement.

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 income, comprehensive income and deficit and in Note 6 of Company's unaudited consolidated financial statements for the period ended June 30, 2011.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2011, the Company had $16,330,089 in cash and cash equivalents (September 30, 2010 - $5,920,622). The Company's working capital at June 30, 2011 was $12,913,735 (September 30, 2010 - $7,661,092). Working capital items, other than cash and cash equivalents, consisted of receivables of $122,872, prepaid expenses of $18,132, accounts payable and accrued liabilities of $1,557,358 and income taxes of $2,000,000.

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 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 and cash equivalents are held at the Bank of Nova Scotia, a major chartered bank in Canada. There are no known liquidity issues associated with this bank.

The Company has no long-term debt obligations or off-balance sheet arrangements and minimal commitments ($167,222 through to September 30, 2014) pertaining to lease of an office in Argentina.

Lumina does not generate any cash flows from operations and currently has no income other than interest income and any proceeds received from Coro with regard to their payments for the San Jorge Project as disclosed in Note 7(a) to the unaudited consolidated financial statements for the three and nine months ended June 30, 2011. However, future proceeds from Coro are now to be paid to Lumina Royalty Corp. under terms of the Lumina Arrangement so are no longer available to the Company as a revenue source.

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).

In February 2011, the Company completed a non-brokered private placement whereby 3,000,000 common shares were issued at a price of $5.15 per share. After finder's fees and other related share-issue costs, the net proceeds were $14,853,759. Proceeds from the financing are to be used in the Company's current exploration program.

Management of the Company is currently evaluating the exploration program with a view to further extending the scope of the activities being undertaken by the Company – see the "Outlook" section to this MD&A. However, the ability to perform additional exploration procedures will likely require that the Company seek additional financing. The ability to raise additional finance may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets or depressed commodity prices. This is discussed in more detail in the *Risks and Uncertainties* section of this MD&A.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities (to June 16, 2011), receivables 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 and cash equivalents, receivables and accounts payable and accrued liabilities approximate their carrying values due to their short term maturity.

The Company's accounting policies for financial instruments are disclosed at Note 2(i) in the audited consolidated financial statements for the years ended September 30, 2010 and 2009 which also include disclosure of the Company's capital management (Note 12) and financial instrument categories, measurements and risks (Note 14).

The Company's financial instruments have been classified as follows under Canadian GAAP:

- Cash and cash equivalents: held for trading.
- Marketable securities: held for trading.
- Receivables: loans and receivables.
- Accounts payable and accrued liabilities: other financial liabilities.

Credit Risk

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments, as disclosed in Note 14(c) to the unaudited consolidated financial statements at June 30, 2011.

The Company's exposure to credit risk on its Canadian and U.S. dollar cash and cash equivalents 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 only maintaining in South American banks cash balances necessary to fund the immediate needs of its subsidiaries.

Liquidity Risk

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

At June 30, 2011, the Company's liabilities consisted of current trade and other payables of $1,557,358 and income taxes payable of $2,000,000. The Company's cash and cash equivalents at June 30, 2011 of $16,330,089 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 price risk.

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 mature and the proceeds are invested at lower interest rates.

Included in net income for the three and nine months ended June 30, 2011 is interest income earned on the Company's cash and cash equivalents. Based on the Company's cash and cash equivalents at June 30, 2011, and assuming that all other variables remain constant, a 1% increase or decrease in interest rates would result in an increase or decrease to the Company's net income of approximately $163,300 (September 30, 2010 - $59,200) on an annual basis.

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 income or 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, Chilean peso and Argentinean 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 Argentinean pesos. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. At June 30, 2011 the Company's cash and cash equivalents were primarily held in Canadian and U.S. dollars as disclosed in note 14(e) to the unaudited consolidated financial statements at June 30, 2011. The Company estimates that a 1% fluctuation in foreign currency exchange rates compared to the Canadian dollar would have an impact of approximately $15,454 (September 30, 2010 - $14,509) to the results of operations based upon the foreign currency financial instruments (including cash and cash equivalents) held at June 30, 2011.

Price Risk

The Company is exposed to price risk 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 net income and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity price of copper and the stock market to determine the appropriate course of action to be taken by the Company.

The Company currently holds no marketable securities that will fluctuate in value as a result of trading on global financial markets.

SHARE CAPITAL

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Common shares:	37,679,149
Common share purchase options:	1,897,500 exercisable between \$0.42 - \$5.89 per common share

The Company has also entered into a contingent share compensation arrangement with an officer of the Company whereby, upon satisfaction of certain conditions, up to 40,000 common shares will be issued as compensation. These contingently issuable shares are not included in the totals presented above.

OUTLOOK

The Company is considering alternatives to further expand the drill program at Taca Taca. It is expected that a total of seven drill rigs will be operational on the project during August and the planned program may be extended from 43,000 to 68,000 metres which would increase the timeline for completion from the fourth quarter of 2011 to the first quarter or 2012. Initial engineering and metallurgical testing programs will continue for the remainder of the year and will include mine planning, pit slope analysis, hydrogeological studies, process engineering and design as well as infrastructure and tailing site locations and layouts, power, water supply and transportation studies.

CRITICAL ACCOUNTING 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 (if any) 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, for example, the valuation of deferred mineral property exploration costs, the fair value of stock options and financial instruments and future income tax assets (as applicable). The Company evaluates its estimates on an ongoing 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 policy estimates 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 future and current 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 carried out an assessment and concluded it is appropriate that the unaudited consolidated financial statements at June 30, 2011, 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 fiscal year, 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, for example, 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 its financial instruments as follows:

- cash and cash equivalents and marketable securities as held for trading;
- receivables as loans and receivables; and
- accounts payable and accrued liabilities as other financial liabilities.

Stock-based compensation

The Company applies the fair-value method of accounting for stock-based compensation and determines the expense using the Black-Scholes option pricing model ("Black-Scholes"), which requires management to make various estimates and assumptions that impact the value assigned to the option expense including the predicted future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the options. During the quarter ended June 30, 2011, no stock options were granted.

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. Any change in the assumptions used could have a material impact on the fair value of the stock-based compensation expense. In addition, the Black-Scholes option pricing model was developed for options that have characteristics that are materially different to the Company's stock options and for purposes other than to determine the fair value to be assigned to stock options. Accordingly, the use of a Black-Scholes valuation model may not always result in the determination of a compensation value that appears appropriate or reasonable in the circumstances.

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 is not evaluating the impact, if any, that this standard will have on its consolidated financial statements as the Company is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") for all fiscal periods beginning on or after January 1, 2011.

Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (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 is not evaluating the impact, if any, that these standards will have on its consolidated financial statements as the Company is required to prepare its consolidated financial statements in accordance with IFRS for all fiscal periods beginning on or after January 1, 2011.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Publicly accountable enterprises in Canada will be required to prepare financial statements in accordance with IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, Lumina will be required to prepare its publicly filed financial statements in accordance with IFRS commencing with its interim consolidated financial statements for the three-month period ending December 31, 2011. Prior period comparatives included within the IFRS financial statements will be restated as applicable from Canadian GAAP to conform to the IFRS accounting policies and requirements. IFRS requires that in the year of implementation the comparative financial statements be restated to conform to the standards in place at the end of the year of adoption i.e. IFRS in place at September 30, 2012.

The Company has commenced the process to transition from current Canadian GAAP to IFRS, lead by the Company's CFO. The implementation project consists, in broad terms, of three primary phases:

(i) Scoping and Diagnostic Phase: A preliminary diagnostic review has been completed by the Company, which included the determination, at a high level, of the financial reporting areas (determined by reference to applicable IFRS Standards) most likely to be impacted by IFRS.

(ii) Impact analysis, evaluation and design phase: In this phase, each area identified during the scoping phase is addressed to determine more specific changes required to existing accounting policies, identify new accounting policies under IFRS and draft financial statement content. This phase includes analysis and conclusion on the accounting choices available under IFRS.

(iii) Implementation and review phase: This phase will include execution of any changes to business processes and completion of formal documents analyzing the transition to IFRS for approval by the Board of Directors. It will also include the final production of complete IFRS-compliant financial statements for review (and approval) by the audit committee.

The Company has completed the scoping and diagnostic stage and is now working on documentation in the impact analysis, evaluation and design phase. The following table summarizes the key elements of the Company's plan for transitioning to IFRSs and the progress made against each activity. Additional updates will be provided in the Company's quarterly MD&A's during the fiscal year ending September 30, 2011.

Key Activities	Milestones	Status
Accounting policies and procedures		
• Identify differences between IFRS and the Company's existing Canadian GAAP accounting policies. • Analyze and select ongoing accounting policies where alternatives are permitted. • Analyze and determine which IFRS 1 exemptions will be taken on transition to IFRS.	• Senior management approval and audit committee review of policy decisions prior to September 30, 2011.	• The Company has identified potentially significant areas of accounting difference between IFRS and Canadian GAAP which require amended accounting policies to be evaluated and documented. This documentation is currently being worked on for presentation to the audit committee (for approval) prior to September 30, 2011. • The Company has completed its preliminary review of IFRS 1 and continues to review possible optional exemptions that may be applied dependent upon the ultimate IFRS accounting policies and impact during the evaluation stage.
Financial statement preparation		
• Prepare financial statements and note disclosures in compliance with IFRS. • Quantify the effects of converting to IFRS. • Prepare first-time adoption reconciliations required under IFRS 1.	• Pro forma financial statements to be prepared under IFRS format, with IFRS accounting policies and transition date reconciliations. • Senior management approval and audit committee review of pro forma financial statements and disclosures prior to September 30, 2011.	• Pro forma IFRS format annual financial statements and related notes thereto have been drafted by management but are still being updated as the evaluation stage progresses. • Effects of the conversion have not been completely evaluated as the Company is still working through the evaluation stage.

Key Activities	Milestones	Status
Training		
• Lumina is a relatively small company with limited active operations and staff resource. Consideration is to be given to the level of expertise required for: - Employees in general; and - Senior management and the board of directors (and especially the audit committee). In order to manage and assess the IFRS conversion process the Company considers that the following personnel must possess sufficient understanding of IFRS as early as possible: - CFO (and other accounting staff); - CEO; and - Members of the audit committee.	• Training for personnel involved in IFRS conversion process to be provided in appropriate detail and on a timely basis.	• Key accounting staff have been provided access to external training courses dealing with IFRS accounting topics and implementation issues. Outside assistance has also been used to ensure that staff receive appropriate guidance and assistance during the learning period. • The CEO and audit committee members will primarily be updated through review of the internal documentation pertaining to the IFRS conversion and decisions made regarding new accounting policies that will be presented to them during fiscal 2011. • The training needs of the audit committee and other directors are still being reviewed with the expectation that some high-level training will be undertaken by these individuals prior to the end of 2011.
Business activities		
• At the current time, the Company has no active (income generating) business activities as it focuses on the exploration drill program at the Taca Taca Project.	• Generally not applicable as impact of IFRS on business contracts and activities is anticipated to be minimal given the current status of the Company. • Should the business transition to active operations during fiscal 2011 or later, the Company will seek to adopt accounting policies that comply with IFRS for such business activities.	• Lumina will continue to monitor its business activities to determine whether there are changes that will require review under the IFRS conversion process.
IT Systems		
• The Company will be required to ensure that its accounting system can capture data that facilitates and enables reporting under IFRS (i.e. information gathered and reported in fiscal 2011 under Canadian GAAP will be presented under IFRS in the fiscal 2012 financial statement comparative numbers.	• The Company will have to ensure data collected in fiscal 2011 and later can be used for both Canadian GAAP and IFRS reporting.	• Management's preliminary review of IFRS has determined that there are likely no material changes required to IT systems and that differences (if any) on transition will be dealt with through reconciliations in excel which will then be posted to the accounting system as appropriate. Final conclusions in this area will depend upon completion of the analysis of IFRS accounting changes required. • The Company utilizes excel to compile and summarize data from the accounting system. Where necessary, new spreadsheets will be utilized to summarize information that is newly required under IFRS but which is generally available to the Company and does not represent data that is not captured in the accounting system (i.e. IFRS disclosure of key management remuneration in the financial statements which the Company has provided under Canadian reporting requirements in its Information Circular document).

Key Activities	Milestones	Status
Control environment		
• Changes to accounting policies and information collection requirements will be assessed by the Company to determine that its internal controls are able to report effectively in the Company's public filings.	• The Company will seek to ensure that appropriate and timely data is collected and prepared internally to meet its ongoing public reporting requirements.	• The Company does not anticipate any significant changes to its present system of internal controls with regard to accumulating and recording financial data and preparing its public filings. The financial reporting process in place at the Company is expected to remain in place following the conversion to IFRS with the current practices continuing to apply.

First-Time Adoption of IFRS

IFRS 1, *First Time Adoption of International Financial Reporting Standards*, applies when a company adopts IFRS for the first time and generally requires that Lumina retrospectively apply each standard in effect as at September 30, 2012, the date of the Company's first annual IFRS financial statements, as if those standards had always applied. IFRS 1 provides certain optional exemptions and mandatory exceptions to the principle of retrospective application. Lumina currently expects, subject to ongoing analysis of its IFRS accounting policies, that it will apply the following optional exemption under IFRS 1: Financial instruments designated as held for trading under Canadian GAAP will be designated as at fair value through profit or loss (to the extent permitted) in order to maintain the current accounting practice of changes in fair value being reported directly in net income or loss.

The Company is continuing to assess the other significant IFRS 1 exemptions that may be applied. In accordance with the requirements of IFRS 1, the Company will be required to record transition adjustments where applicable against retained deficit as at October 1, 2010 for differences (if any) between Canadian GAAP and IFRS accounting.

Expected Areas of Significance

The Company's scoping and diagnostic phase has identified the following key areas of financial reporting which may be significantly affected by the adoption of IFRS:

Accounting Policy Area	Description of Impact of Policy Adoption
Presentation and Disclosure	IFRS requires significantly more (prescriptive) disclosure than Canadian GAAP for certain standards, such as related party transactions with key management personnel. The increased disclosure requirements will cause the Company to enhance some financial reporting processes to ensure the appropriate data is collected.
Mineral property interests	Under IFRS mineral property interests will be described as "exploration and evaluation assets" and will be treated as intangible assets. Under Canadian GAAP the Company currently capitalizes all costs related to investments in mineral properties including acquisition costs and exploration expenditures. Under IFRS the Company anticipates applying an accounting policy to continue the current practice of capitalizing exploration expenditures. However, the scope of IFRS applies to a narrower timeframe than may be the case under Canadian GAAP such that there may be differences in amounts capitalized. The Company is continuing to document and conclude on its analysis in this area.

Accounting Policy Area	Description of Impact of Policy Adoption
Impairment testing of non-financial assets	IFRS requires the assessment of asset impairment to be based on discounted cash flows while Canadian GAAP only requires discounting if the carrying value of assets exceeds the undiscounted cash flows. IFRS also requires the reversal of any previous asset impairments, excluding goodwill, where circumstances have changed. Canadian GAAP prohibits the reversal of impairment losses. Under Canadian GAAP, the Company has determined that there were no indicators of impairment at September 30, 2010 and similarly, no IFRS impairment indicators at October 1, 2010. However, should there be future indicators of impairment, the IFRS methodology may result in earlier asset impairments being recorded.
Functional currency	IFRS requirements for determining the functional currency of an entity are more specific than those under Canadian GAAP. Although the indicators considered in the determination of functional currency are similar, IFRS provides a hierarchy for analyzing indicators in which primary factors are based on the currency that mainly influences sales prices for goods and services and labour, materials and other costs of providing goods or services. This area requires significant judgment to be applied and may lead to the functional currency of the Company or its subsidiaries being revised under IFRS compared to that applied under Canadian GAAP. Should the Company determine that the transition to IFRS will result in different functional currencies being applied for companies within the Lumina group it is likely that the IFRS 1 exemption to deem cumulative translation adjustments to zero at October 1, 2010 will be applied. Under current Canadian GAAP reporting Lumina does not present a currency translation adjustment as the functional currency of all Lumina group companies is the Canadian dollar.

The above list and related comments should not be regarded as a complete list of changes that will (or could) result from the Company's transition to IFRS. It is intended to highlight certain areas that management believes may be most significant; however, the Company's assessment of the impacts of certain differences is still in process. The standard-setting bodies of Canadian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and these changes may have a material impact on the Company's financial statements. As a result, the final impact on the Company's financial statements will only be measurable once all of the applicable IFRS standards at the final changeover are known (which is an ongoing process).

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 listed in order of importance nor are they inclusive of all the risks and uncertainties the Company may be subject to as 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 assets and activities are subject to extensive Canadian, Chilean and Argentinean 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;
- 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;
- labour standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

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 ongoing 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 exploration industry is intensely competitive in all its phases and the Company competes with many companies possessing greater financial resources and technical facilities.

The mineral exploration 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 Canadian Institute of Mining (CIM) Guidelines. Although substantial 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 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 subsidiaries and its mineral property 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.

The Company's mineral property is located in Argentina and it has subsidiaries in Chile and 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. The Company may issue more common shares in the future. 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. dollar, Chilean peso, Argentinean peso and Canadian dollar.

The Company's overseas expenditures are predominantly in U.S. dollars, Chilean pesos and Argentinean pesos 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. dollar / Chilean peso / Argentinean peso 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.