



**CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**



**TSXV: LCC**

**[www.luminacopper.com](http://www.luminacopper.com)**

## Independent auditor's report

To: The shareholders of Lumina Copper Corp.

We have audited the accompanying consolidated financial statements of Lumina Copper Corp., which comprise the consolidated balance sheets as at September 30, 2013 and September 30, 2012, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended September 30, 2013 and September 30, 2012, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Lumina Copper Corp. as at September 30, 2013 and September 30, 2012, and its financial performance and its cash flows for the years ended September 30, 2013 and September 30, 2012, in accordance with International Financial Reporting Standards.



**LUMINA COPPER CORP.**  
**CONSOLIDATED BALANCE SHEETS**

(expressed in Canadian dollars)

	Note	September 30, 2013	September 30, 2012
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 4,982,340	\$ 1,386,676
Receivables	5	7,235	117,746
Current tax receivable	20	317,958	562,718
Prepaid expenses		23,706	33,621
<b>Total current assets</b>		<b>5,331,239</b>	<b>2,100,761</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	6	73,200,089	66,750,423
Plant and equipment	7	246,711	328,001
Deferred tax asset	20	24,105	165,993
<b>Total assets</b>		<b>\$ 78,802,144</b>	<b>\$ 69,345,178</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	\$ 103,984	\$ 2,867,462
Loan payable	9	-	11,666,706
<b>Total current liabilities</b>		<b>103,984</b>	<b>14,534,168</b>
<b>Non-current liabilities</b>			
Deferred tax liability	20	5,193,189	1,669,675
<b>Total liabilities</b>		<b>5,297,173</b>	<b>16,203,843</b>
<b>EQUITY</b>			
Share capital	10	54,044,295	30,004,106
Share option reserve	11	4,378,842	2,891,842
Retained earnings		15,081,834	20,245,387
<b>Total equity</b>		<b>73,504,971</b>	<b>53,141,335</b>
<b>Total liabilities and equity</b>		<b>\$ 78,802,144</b>	<b>\$ 69,345,178</b>

APPROVED BY THE DIRECTORS

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*"Ross Cory"*  
 Director

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*"Robert Pirooz"*  
 Director

**LUMINA COPPER CORP.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

**For the years ended September 30, 2013 and 2012**

(expressed in Canadian dollars)

	Note	2013	2012
<b>Expenses</b>			
Fees, salaries and other employee benefits	12	\$ 1,495,227	\$ 1,715,760
Legal, audit and accounting		170,210	820,870
Office expenses		93,767	115,707
Investor relations		153,297	394,288
Regulatory and transfer agent fees		95,421	93,249
Travel and accommodation		4,983	182,056
Depreciation		5,921	6,583
		2,018,826	3,328,513
<b>Other income (expenses)</b>			
Interest and other income		65,019	81,521
Foreign exchange (loss) gain		(35,349)	91,338
		29,670	172,859
<b>Loss before taxes</b>			
		1,989,156	3,155,654
Tax expense	20	3,174,397	934,571
<b>Net loss and comprehensive loss for the year attributable to owners of the parent entity</b>			
		\$ 5,163,553	\$ 4,090,225
<b>Loss per share – basic and diluted</b>			
	13	\$ 0.12	\$ 0.10
<b>Weighted average number of shares outstanding – basic and diluted</b>			
	13	43,364,081	40,287,609

*See Accompanying Notes to the Consolidated Financial Statements*

**LUMINA COPPER CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended September 30, 2013 and 2012

(expressed in Canadian dollars)

	Note	2013	2012
<b>Operating activities</b>			
Loss for the year		\$ (5,163,553)	\$ (4,090,225)
Adjustment for non-cash items:			
Depreciation		5,921	6,583
Share-based payment		1,015,684	1,295,480
Deferred taxes		3,673,386	1,432,573
Deduct: Interest income		(65,019)	(81,521)
Net changes in non-cash working capital items:			
Receivables		110,511	33,699
Current taxes		(498,989)	(495,004)
Prepaid expenses		9,915	(1,010)
Accounts payable and accrued liabilities – operating expenses		(402,437)	282,985
Taxes refunded (paid)		743,749	(1,318,714)
<b>Net cash utilized in operating activities</b>		<b>(570,832)</b>	<b>(2,935,154)</b>
<b>Investing activities</b>			
Expenditures on exploration and evaluation assets		(5,517,903)	(45,520,091)
Change in accounts payable and accrued liabilities - exploration and evaluation assets		(2,361,041)	173,472
Plant and equipment		(47,565)	(254,153)
Interest received		65,019	81,521
<b>Net cash utilized in investing activities</b>		<b>(7,861,490)</b>	<b>(45,519,251)</b>
<b>Financing activities</b>			
(Repayment of) proceeds from loan	9	(11,150,000)	11,150,000
Interest paid on loan	9	(606,659)	-
Issuance of shares for cash, net of issue costs	10	23,784,645	29,173,971
<b>Net cash provided by financing activities</b>		<b>12,027,986</b>	<b>40,323,971</b>
Increase (decrease) in cash and cash equivalents		3,595,664	(8,130,434)
Cash and cash equivalents, beginning of year		1,386,676	9,517,110
<b>Cash and cash equivalents, end of year</b>		<b>\$ 4,982,340</b>	<b>\$ 1,386,676</b>

**Non-cash investing activities:**

- (i) In April 2013, the Company issued 20,000 common shares in the amount of \$151,800, in consideration of services provided to the Company pursuant to a Services Compensation Agreement – see Notes 10 and 11(d).
- (ii) In March 2012, the Company issued 42,169 common shares in the amount of \$560,004 as partial payment for the acquisition of mineral concessions. In October 2012, the Company issued a further 1,917 common shares in the amount of \$25,458 as partial payment for the acquisition of a mineral concession – see Notes 6 and 10.
- (iii) The Company's exploration and evaluation assets include \$122,934 of depreciation from plant and equipment for the year ended September 30, 2013 (2012 - \$98,909).

These amounts are not reflected in the statement of cash flows.

*See Accompanying Notes to the Consolidated Financial Statements*

**LUMINA COPPER CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the years ended September 30, 2013 and 2012**

(expressed in Canadian dollars)

Share Capital						
	Note	Shares	Amount	Share Option Reserve	Retained Earnings	Total
<b>Balance</b> , October 1, 2011		37,684,149	\$ 10,349	\$ 1,183,297	\$ 24,335,612	\$ 25,529,258
Stock options exercised	11	216,667	383,154	(145,487)	-	237,667
Shares issued, net of issue costs		3,000,000	28,938,594	-	-	28,938,594
Deferred taxes on share issue costs		-	114,295	-	-	114,295
Shares issued for new concessions, net of issue costs		42,169	557,714	-	-	557,714
Share-based payment	11	-	-	1,854,032	-	1,854,032
Comprehensive loss		-	-	-	(4,090,225)	(4,090,225)
<b>Balance</b> , September 30, 2012		40,942,985	30,004,106	2,891,842	20,245,387	53,141,335
Stock options exercised	10, 11	140,500	179,152	(70,302)	-	108,850
Shares issued, net of issue costs	10	2,500,000	23,675,795	-	-	23,675,795
Deferred taxes on share issue costs		-	7,984	-	-	7,984
Shares issued for new concessions, net of issue costs	6, 10	1,917	25,458	-	-	25,458
Compensation shares issued		20,000	151,800	-	-	151,800
Share-based payment	11	-	-	1,557,302	-	1,557,302
Comprehensive loss		-	-	-	(5,163,553)	(5,163,553)
<b>Balance</b> , September 30, 2013		43,605,402	\$ 54,044,295	\$ 4,378,842	\$ 15,081,834	\$ 73,504,971

*See Accompanying Notes to the Consolidated Financial Statements*

**LUMINA COPPER CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

(expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS**

Lumina Copper Corp. ("Lumina" or the "Company") is a publicly listed company incorporated in the Province of British Columbia, Canada. Lumina was incorporated on May 12, 2008 and commenced operations on August 1, 2008 pursuant to a plan of arrangement by Global Copper Corp. ("Global"). Prior to August 1, 2008 the Company was operating as a division of Global. Lumina and its subsidiaries (collectively referred to as the "Group") are engaged in the acquisition, exploration and development of mineral resources.

The Company's head office and principal business address is Suite 410, 625 Howe Street, Vancouver, British Columbia, V6C 2T6. The Company's registered and records office is located at 1200 – 200 Burrard Street, Vancouver, British Columbia, V7X 1T2.

The Company is in the process of exploring its mineral property interests (described as exploration and evaluation assets in these financial statements) and has not yet determined whether its mineral property interests contain mineral reserves where extraction is both technically feasible and commercially viable. The Company's continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets, are dependent upon the existence of economically recoverable mineral reserves, the ability of the Group to obtain the necessary financing to complete the development of mineral properties and attain future profitable production or from proceeds of disposition of exploration and evaluation assets. The carrying value of the Group's exploration and evaluation assets does not reflect current or future values.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

**(b) Basis of presentation**

The consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Overall considerations**

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

**(b) Basis of consolidation**

These consolidated financial statements include the accounts of Lumina and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when Lumina (as the parent company) has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

**(c) Jointly controlled assets**

The Group accounts for its share of jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the jointly controlled assets' output, together with its share of the expenses incurred by the joint venture, and any expenses it incurred in relation to its interest in the joint venture.

**(d) Presentation and functional currency and foreign currency translation**

The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiaries. Foreign currency transactions are translated into the functional currency of each entity within the Group using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of foreign currency denominated monetary items at reporting period end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates in effect at the time of the transaction and are not retranslated at reporting period ends. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

**LUMINA COPPER CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

(expressed in Canadian dollars)

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

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Exploration and evaluation assets**

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

Exploration and evaluation assets are intangible assets. Exploration and evaluation assets represent the costs incurred on the exploration and evaluation of potential mineral resources and include costs such as exploratory drilling, sample testing, activities in relation to evaluation of technical feasibility and commercial viability of extracting a mineral resource, and general and administrative costs directly relating to the support of exploration and evaluation activities. Exploration and evaluation expenditure for an area of interest is carried forward as an asset provided that one of the following conditions is met:

- the carrying amount of such costs is lower than the amount expected to be recovered through successful exploration and development of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. They are subsequently stated at cost less accumulated impairment. Exploration and evaluation assets are not amortized.

Any costs recovered relating to previously incurred exploration and evaluation expenditure are recorded as a reduction of amounts capitalized until such amounts are fully recovered at which time they are recorded in the statement of income.

Once the work completed on an area of interest is sufficient such that reserves have been estimated and a feasibility study completed, capitalized expenditure is transferred to mine development assets or capital work in progress.

Although the Group has taken steps to verify its title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Group's title. Title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

**(g) Plant and equipment**

Plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to expense the cost of plant and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

Leasehold improvements	Remaining life of lease
Furniture and equipment	3 – 10 years

Items of plant and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate.

**(h) Interest income**

Interest income is recorded on an accrual basis using the effective interest method.

**LUMINA COPPER CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

(expressed in Canadian dollars)

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

**(i) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

**(j) Decommissioning, restoration and similar liabilities ("asset retirement obligation" or "ARO")**

The Group recognizes provisions for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral interests (exploration and evaluation assets) and plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for an ARO is recognized at its present value in the period in which it arises. Upon initial recognition of the liability, the corresponding ARO is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset. Following the initial recognition of the ARO, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

As at September 30, 2013 and 2012, the Group did not have any asset retirement obligations.

The Group 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 Group 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 Group believes it conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Group 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 Group.

**(k) Financial instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are subsequently measured as described below.

**Financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

The category determines how the asset is subsequently measured and whether any resulting income or expense is recognized in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are considered impaired when there is objective evidence that a financial asset or a group of financial assets has been impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method. Loans and receivables comprise cash and cash equivalents and receivables (other than general sales tax / harmonized sales tax receivable from the Canadian government taxation authorities).

**LUMINA COPPER CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

(expressed in Canadian dollars)

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

**(k) Financial instruments (continued)**

**Financial assets (continued)**

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Group currently does not have any financial assets in this category.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined for example by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Group currently does not have any financial assets in this category.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss. Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized. The Group currently does not have any financial assets in this category.

**Financial liabilities**

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains and losses recognized in profit or loss. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Group's financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loan payable. The Group currently does not have any financial liabilities held for trading or designated at fair value through profit or loss.

**(l) Impairment of assets**

*Financial assets*

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The amount of the impairment loss is recognized in profit or loss. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss, except for equity instruments classified as available-for-sale where the reversal is recorded in other comprehensive income.

**LUMINA COPPER CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

(expressed in Canadian dollars)

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

**(l) Impairment of assets (continued)**

*Non-financial assets*

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that the assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate largely independent cash inflows, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

An impairment loss recognized in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro-rata basis.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

**(m) Earnings (loss) per share**

The Group presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise stock options granted.

**(n) Taxes**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

*Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

**LUMINA COPPER CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

(expressed in Canadian dollars)

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

**(n) Taxes (continued)**

*Deferred tax (continued)*

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

*Sales tax*

Expenses and assets are recognized net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with an amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**(o) Related party transactions**

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are measured at the exchange amount between the parties.

**(p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction/development or exploration of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

**(q) Share-based payments**

*Share-based payment transactions*

The Company grants stock options to acquire common shares to directors, officers and employees ("equity-settled transactions"). The board of directors determines the specific grant terms within the limits set by the Company's stock option plan. The Company's share-based payment plan does not feature any option for a cash settlement.

*Equity-settled transactions*

The costs of equity-settled transactions are measured by reference to the fair value at the grant date and are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve. No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

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

**(q) Share-based payments (continued)**

*Equity-settled transactions (continued)*

Where equity-settled transactions are entered into with non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of the goods or services received.

Share-based employee compensation is recognized as an expense in profit or loss or deferred in exploration and evaluation assets with a corresponding credit to share option reserve. Upon exercise of stock options, the proceeds received are allocated to share capital along with any value previously recorded in share option reserve relating to those options.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of diluted earnings per share.

**(r) Significant accounting judgments and estimates**

The preparation of the Group's consolidated financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from these estimates. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

*Judgments*

Determination of functional currency: The determination of functional currency for each company in the Group requires an analysis of various indicators which IFRS splits between primary and additional indicators. The primary factors include analyzing (a) the currency that mainly influences sales prices for goods and services, (b) the currency of the country whose competitive forces and regulations mainly determine the sales price of its goods and services and (c) the currency that mainly influences labour, material and other costs of providing goods or services. Management review concluded that the primary factors were not conclusive for the companies within the Group.

Management further reviewed the additional factors for consideration under IFRS which include examining (a) the currency of financing activities, (b) the currency in which receipts from operating activities are usually retained, (c) whether the activities of foreign operations are carried out as an extension of the Company or operate with a large degree of autonomy, (d) whether transactions between entities is a high or low proportion of the foreign operation's activities, (e) whether cash flows from activities of a foreign operation directly affect the cash flows of the Company and (f) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations. Management review and consideration of the additional factors lead to the determination that the functional currency for Lumina and its subsidiaries is the Canadian dollar given that the Group has, to date, been financed solely in Canadian dollars and its foreign operations are heavily dependent upon, and directed by, the Company so as to operate as an extension of the Company.

Exploration and evaluation assets: The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed in Note 6.

Contingencies: Contingencies will only be resolved when one or more future events occur or fail to occur. The decision whether or not to recognize assets and liabilities impacted by contingencies is dependent upon management's assessment of the nature and likelihood of those future events occurring or not. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

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

**(r) Significant accounting judgments and estimates (continued)**

*Estimates and assumptions*

Deferred tax assets: The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Group's future planned activities as supported by budgets that have been approved by the Board of Directors. Management also considers the tax rules of the various jurisdictions in which the Group operates. Should there not be a forecast of taxable income that indicates the probable utilization of a deferred tax asset or any portion thereof, the Group does not recognize the deferred tax asset. The Company has not recognized deferred tax assets in these consolidated financial statements except where there is certainty that the asset will be utilized (by carrying back to offset prior year taxes paid) or to the extent that such deferred tax assets are available to offset deferred tax liabilities in the same jurisdiction.

Share-based payments: The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

Impairment of assets: An impairment loss is recognized for the amounts by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The Group assesses each asset or cash-generating unit (exploration and evaluation asset and/or plant and equipment) at each reporting date to determine whether any indication of impairment exists. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash-generating unit as being its Argentinean operation.

**(s) Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these consolidated financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

*IFRS 9 – Financial Instruments*

IFRS 9 is the first part of a multi-phase project to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. Effective July 2013, the IASB deferred a mandatory effective date for IFRS 9 pending finalization of the impairment and classification and measurement requirements. Earlier application is permitted at the start of any reporting period. The main features of the new standard are:

- A financial asset will be (i) classified on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset; (ii) initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and (iii) subsequently measured at amortized cost or fair value.
- Reclassification is required when the business model under which the assets are managed changes.
- Gains and losses on investments in equity instruments that are not held for trading may be presented in other comprehensive income if so elected at initial recognition.

Management has yet to assess the impact that this amendment is likely to have on the Group's consolidated financial statements. However, management does not expect to implement the amendments until all chapters of the IAS 39 replacement have been published at which time management can comprehensively assess the impact of all changes.

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

**(s) Standards issued but not yet effective (continued)**

*IFRS 10 – Consolidated Financial Statements*

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements* which replaces all of the consolidation guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both “power” and “variable returns” for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. The determination of power is based on current facts and circumstances (including substantive potential voting rights) and is continuously assessed. IFRS 10 provides guidance on participating and protective rights, and brings the notion of “de facto” control within the guidance. IFRS 10 is not expected to have any impact on the currently held (and consolidated) investments of the Group.

*IFRS 11 – Joint Arrangements*

In May 2011, the IASB issued IFRS 11 *Joint Arrangements* which replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities*. IFRS 11 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IFRS 11 defines a joint arrangement as an arrangement where two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement require the unanimous consent of the parties sharing control. All parties to a joint arrangement must recognize their rights and obligations arising from the arrangement. The focus is no longer on the legal structure of joint arrangements, but rather on how the rights and obligations are shared by the parties to the joint arrangement. IFRS 11 eliminates the existing policy choice of proportionate consolidation for jointly-controlled entities and categorizes joint arrangements as one of the following (i) joint operations or (ii) joint ventures. The Company has evaluated the standard and considers that its 50% owned mineral concessions (see Note 6) will be classified as joint operations which will have no impact on the Group’s financial position or performance compared to prior disclosures.

*IFRS 12 – Disclosure of Involvement with Other Entities*

IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11 and has the same effective date as those standards. The objective of IFRS 12 is to require entities to disclose information that helps financial statement readers to evaluate the nature, risks, and financial effects associated with the entity’s involvement with subsidiaries, associates, joint arrangements, and unconsolidated structured entities. Specific disclosures include the significant judgments and assumptions made in determining control as well as detailed information regarding the entity’s involvement with its investees. While a number of new disclosures are required, the standard is not expected to impact the Group’s financial position or performance.

*IFRS 13 – Fair Value Measurement*

In May 2011, the IASB issued IFRS 13 *Fair Value Measurement* which is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a ‘fair value hierarchy’ which categorizes the inputs used in valuation techniques into three levels. The hierarchy gives highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The Company does not believe that there will be a material impact on its consolidated financial statements arising from the adoption of IFRS 13.

*IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)*

In December 2011, the IASB amended IFRS 7 *Financial Instruments: Disclosures* for *Disclosures – Offsetting Financial Assets and Financial Liabilities* which is effective for annual periods beginning on or after January 1, 2013. The amendments add new disclosures that require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. The Company has evaluated the standard and does not believe there will be any material impact on its consolidated financial statements.

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

**(s) Standards issued but not yet effective (continued)**

*IAS 32 – Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*

IAS 32 *Financial Instruments: Presentation* was amended to address inconsistencies in current practice when applying the offsetting criteria. The amendments clarify the meaning of “currently has a legally enforceable right of set-off” and clarify that some gross settlement systems may be considered equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company is currently evaluating the impact the standard may have on its consolidated financial statements.

**4. CASH AND CASH EQUIVALENTS**

The Group’s cash and cash equivalents at September 30, 2013 consisted of cash of \$418,449 and cash equivalents of \$4,563,891 (September 30, 2012 – cash of \$1,386,676). The Group’s cash and cash equivalents are denominated in the following currencies and include the following components:

	September 30, 2013		September 30, 2012	
Cash at bank and in hand – Canadian dollars	\$	113,002	\$	323,935
Cash at bank and in hand – U.S. dollars		215,508		301,303
Cash at bank and in hand – Argentinean pesos		89,939		761,438
Short-term deposits – Canadian dollars		4,563,891		-
<b>Cash and cash equivalents</b>	<b>\$</b>	<b>4,982,340</b>	<b>\$</b>	<b>1,386,676</b>

**5. RECEIVABLES**

The Group’s receivables consist of harmonized sales tax (“HST”) and general sales tax (“GST”) receivable due from Canadian government taxation authorities and other miscellaneous receivable amounts. Receivables are broken down as follows:

	September 30, 2013		September 30, 2012	
HST/GST receivables	\$	6,729	\$	50,241
Other		506		67,505
<b>Total receivables</b>	<b>\$</b>	<b>7,235</b>	<b>\$</b>	<b>117,746</b>

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Group anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Group’s receivables are all considered current and are not past due or impaired. The Group does not possess any collateral related to these assets.

**6. EXPLORATION AND EVALUATION ASSETS**

The Group is the beneficial holder of the Taca Taca mining rights, located in the Salta Province, northwestern Argentina. The Taca Taca Property is subject to a 1.5% net smelter returns royalty (“NSR”).

During the year ended September 30, 2012, the Group acquired additional mineral concessions located adjacent, or in close proximity, to the Taca Taca Property. The total cost of these acquisitions was \$2,645,613 (which includes \$585,462 related to the issuance of 44,086 Lumina common shares as consideration for a portion of the concessions acquired). 1,917 of the common shares were issued in October 2012 (see Note 10).

Two of the mineral concessions acquired by the Group were acquired as to a 50% interest only. The Company has determined that these concessions are jointly controlled assets which are accounted for in accordance with IAS 31 *Interests in joint ventures* whereby the Group recognizes its share of the jointly controlled assets, any liabilities that have been incurred, any liabilities that have been jointly incurred with the other venturer in the joint venture, any income from the joint venture (or share of expenses incurred by the joint venture) and any expenses the Group has incurred in respect of its interest in the joint venture. The Group’s acquisition cost of the jointly controlled mineral concession assets was \$296,028. To September 30, 2012, expenditures incurred with respect to the jointly controlled mineral concessions was \$46,648. A further \$480,846 was incurred by the Group during the year ended September 30, 2013.

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**6. EXPLORATION AND EVALUATION ASSETS (continued)**

The Group's expenditures on its exploration and evaluation assets were as follows:

	Year ended September 30, 2013	Year ended September 30, 2012
<b>Taca Taca Project</b>		
Cost, beginning of year	\$ 64,058,162	\$ 19,496,161
Additions:		
Exploration costs:		
Consultant database	31,562	58,182
Drilling (recovery) cost	(203,132)	21,225,432
Engineering studies	653,575	709,252
Environmental	56,009	39,540
Field office and administration	708,585	1,214,988
Field vehicles, travel and accommodation	430,328	1,895,524
Fuel	29,311	471,816
Geological	668,174	1,756,531
Interest expense (Note 9)	89,953	516,706
Legal	139,781	236,429
Metallurgical studies	372,249	511,714
Project management	262,217	331,529
Reports	52,879	-
Salaries and wages	1,193,343	2,791,255
Sample costs	283,972	1,819,404
Social	86,754	195,061
Supplies and equipment	578,723	4,271,208
Taxes (VAT) and tenure fees	486,659	6,517,430
Cost, end of year	69,979,104	64,058,162
<b>Mineral Concessions in proximity to Taca Taca</b>		
Cost, beginning of year	2,349,585	-
New mineral concession costs	47,878	2,349,585
Cost, end of year	2,397,463	2,349,585
<b>Jointly Controlled Assets in proximity to Taca Taca</b>		
Cost, beginning of year	342,676	-
Acquisition of jointly controlled mineral concessions:	-	296,028
Exploration expenditures	480,846	46,648
Cost, end of year	823,522	342,676
<b>Total Exploration and Evaluation Assets</b>		
Cost, beginning of year	66,750,423	19,496,161
Total additions in the year	6,449,666	47,254,262
Provision for impairment, beginning and end of year	-	-
Net Book Value, end of year	\$ 73,200,089	\$ 66,750,423

Four mineral concessions acquired during the year ended September 30, 2012, are subject to a 1.5% NSR (which can be bought out for US\$ 1 million per concession). The Group has a 0.75% NSR obligation with regard to the two jointly controlled mineral concessions (which can be bought out for US\$ 0.5 million per concession).

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**7. PLANT AND EQUIPMENT**

	Leasehold improvements	Furniture and equipment	Total
<b>Cost</b>			
October 1, 2011	\$ 94,910	\$ 122,563	\$ 217,473
Additions	168,955	75,005	243,960
September 30, 2012	263,865	197,568	461,433
Additions	34,613	13,368	47,981
Disposal	-	(692)	(692)
September 30, 2013	298,478	210,244	508,722
<b>Depreciation</b>			
October 1, 2011	2,712	25,229	27,941
Charge for the year	61,034	44,457	105,491
September 30, 2012	63,746	69,686	133,432
Charge for the year	83,380	45,476	128,856
Disposal	-	(277)	(277)
September 30, 2013	\$ 147,126	\$ 114,885	\$ 262,011
<b>Net book value</b>			
September 30, 2012	\$ 200,119	\$ 127,882	\$ 328,001
September 30, 2013	\$ 151,352	\$ 95,359	\$ 246,711

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	September 30, 2013	September 30, 2012
Trade payables	\$ 75,619	\$ 1,969,879
Accrued liabilities	28,365	897,583
<b>Total payables</b>	<b>\$ 103,984</b>	<b>\$ 2,867,462</b>

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value.

**9. LOAN PAYABLE**

On May 29, 2012, the Company entered into an unsecured credit agreement with Lumina Capital Limited Partnership ("LCLP") for a loan facility of up to \$10,000,000, accruing interest at a rate of 10% per annum, calculated daily and compounded monthly. In addition, the credit agreement provided for a standby fee in the amount of 1% of the loan facility due upon the initial advance made to the Company and a drawdown fee of 1.5% on each advance made. The initial advance to the Company was made on June 6, 2012. The loan was repayable on the earlier of (i) six months from the date of the initial advance; (ii) the date of any change of control of the Company; or (iii) the occurrence of a default under the credit agreement. Availability under the facility was extended to a total of \$13,000,000 in September 2012.

At September 30, 2012, the Company had drawn \$11,150,000 under the facility and had accrued interest and other charges of \$516,706 which have been capitalized to exploration and evaluation asset (see Note 6). The loan balance of \$11,756,659 was repaid on October 25, 2012 comprising of capital of \$11,150,000 and interest and charges accrued of \$606,659.

**LUMINA COPPER CORP.**  
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**10. SHARE CAPITAL**

**Authorized:** an unlimited number of common shares, without par value.

<b>Issued and fully paid:</b>	Number of Shares	Amount
Balance, October 1, 2011	37,684,149	\$ 10,349
Shares issued for cash		
Private placement, net of issue costs (a)	3,000,000	28,938,594
Deferred tax on share issue costs	-	114,295
Exercise of options (b)	216,667	237,667
Fair value of options exercised (b)	-	145,487
Shares issued for mineral concessions (c)	42,169	560,004
Issue costs of shares issued for mineral concessions (c)	-	(2,290)
Balance, September 30, 2012	40,942,985	30,004,106
Shares issued for cash		
Private placement, net of issue costs (d)	2,500,000	23,675,795
Deferred tax on share issue costs	-	7,984
Exercise of options (e)	140,500	108,850
Share option reserve transfer to share capital on exercise of options (e)	-	70,302
Shares issued for mineral concessions (f)	1,917	25,458
Compensation shares issued (g)	20,000	151,800
<b>Balance, September 30, 2013</b>	<b>43,605,402</b>	<b>\$ 54,044,295</b>

(a) In December 2011, the Company completed brokered and non-brokered private placements and issued 3,000,000 common shares at a price of \$10 per share for proceeds of \$28,938,594, net of issue costs of \$1,061,406.

(b) During the year ended September 30, 2012, stock options were exercised as follows:

Date	Number of Options Exercised	Exercise price per option	Total Proceeds	Share option reserve transfer to share capital
January 2012	50,000	\$ 0.42	\$ 21,000	\$ 17,169
January 2012	166,667	\$ 1.30	216,667	128,318
	216,667		\$ 237,667	\$ 145,487

(c) In March 2012, the Group acquired new mineral concessions in proximity to the Taca Taca Property. A portion of the consideration included 42,169 common shares at a price of \$13.28 per share for a total amount of \$560,004. Issue costs related to the issuance of these shares were \$2,290.

(d) In October 2012, the Company completed a non-brokered private placement and issued 2,500,000 common shares at a price of \$9.50 per share for proceeds of \$23,675,795, net of issue costs of \$74,205.

(e) During the year ended September 30, 2013, stock options were exercised as follows:

Date	Number of Options Exercised	Exercise price per option	Total Proceeds	Share option reserve transfer to share capital
October 2012	20,000	\$ 1.13	\$ 22,600	\$ 11,163
January 2013	50,000	\$ 0.42	21,000	17,655
April 2013	5,000	\$ 1.30	6,500	3,850
May 2013	35,500	\$ 1.30	46,150	27,332
May 2013	30,000	\$ 0.42	12,600	10,302
	140,500		\$ 108,850	\$ 70,302

(f) In October 2012, the Group concluded payment for a mineral concession in proximity to the Taca Taca Property in exchange for 1,917 common shares at a price of \$13.28 per share for a total amount of \$25,458.

(g) In April 2013, the Company issued 20,000 common shares in the amount of \$151,800, in consideration of certain services provided to the Company pursuant to a Services Compensation Agreement (see Notes 11(d) and 19(b)).

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**11. SHARE-BASED PAYMENTS**

**(a) Stock option plan**

The Company has adopted a stock option plan ("the Plan") whereby it may grant options to directors, officers, employees, and consultants of the Group. The maximum number of shares that may be reserved for issuance under the Plan is limited to 3,426,305. The Plan permits the board of directors of the Company to set the terms for each stock option grant, such as the maximum exercise period and the vesting period. The exercise price of options granted is established in relation to the market price of the Company's shares which at any date is the volume weighted average trading price of the Company's shares on the five trading days prior to such date.

During the year ended September 30, 2013, the Company granted 630,000 stock options (2012 - 557,500) to directors, officers, employees and consultants at a weighted average exercise price of \$7.88 (2012 - \$10.37) and an expiry date of December 12, 2017 (2012 - expiry date of November 30, 2016). The weighted average fair value of the options granted in the year ended September 30, 2013 was estimated at \$2.32 per option at the grant date (2012 - \$3.91) using Black-Scholes. The vesting schedule of the options was 1/3rd on the grant date, 1/3rd one year after the grant date, and 1/3rd two years after the grant date.

The fair value used to calculate the compensation expense related to the stock options granted is estimated using Black-Scholes with the following assumptions:

	Year ended September 30, 2013	Year ended September 30, 2012
Risk-free interest rate	1.08%	1.01%
Expected dividend yield	-	-
Expected stock price volatility	53%	65%
Expected option life in years	2	2
Expected rate of forfeiture	0 - 5%	0 - 5%

The share price and exercise price used in determining share-based payment amounts are equal to the closing share price and exercise price on the day that stock options are granted. Option pricing models such as Black-Scholes 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. Volatility is determined based upon historical volatility of the Company's common shares, generally for a period equal to the expected life of the stock options.

Pursuant to the Company's accounting policy for share-based payments, the amount of share-based compensation for the year ended September 30, 2013, relating to stock options, was \$1,557,302 (2012 - \$1,854,032). Of this amount, \$1,015,684 (2012 - \$1,295,480) has been included in expenses and \$541,618 (2012 - \$558,552) has been capitalized to exploration and evaluation assets.

**(b) Outstanding stock options**

Stock options and weighted average exercise prices are as follows for the reporting periods presented:

	Year ended September 30,			
	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	2,233,333	\$ 3.59	1,892,500	\$ 1.31
Granted	630,000	7.88	557,500	10.37
Exercised	(140,500)	0.77	(216,667)	1.10
Outstanding, end of year	2,722,833	\$ 4.73	2,233,333	\$ 3.59

The weighted average share price at the date of exercise of stock options in the year ended September 30, 2013 was \$8.72 (2012 - \$14.13).

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**11. SHARE-BASED PAYMENTS (continued)**

**(b) Outstanding stock options (continued)**

For each reporting period, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

September 30, 2013					
Options Outstanding				Options Exercisable	
Number of Shares	Expiry Date	Weighted average life (years)	Exercise Price	Number of Shares	Exercise Price
197,500	January 20, 2014	0.31	\$0.42	197,500	\$0.42
80,000	May 19, 2015	1.63	\$1.13	80,000	\$1.13
1,187,833	August 13, 2015	1.87	\$1.30	1,187,833	\$1.30
70,000	March 30, 2016	2.50	\$5.89	70,000	\$5.89
557,500	November 30, 2016	3.17	\$10.37	371,674	\$10.37
630,000	December 11, 2017	4.20	\$7.88	210,006	\$7.88
<b>2,722,833</b>		<b>2.57</b>	<b>\$4.73</b>	<b>2,117,013</b>	<b>\$3.61</b>

September 30, 2012					
Options Outstanding				Options Exercisable	
Number of Shares	Expiry Date	Weighted average life (years)	Exercise Price	Number of Shares	Exercise Price
277,500	January 20, 2014	1.31	\$0.42	277,500	\$0.42
100,000	May 19, 2015	2.63	\$1.13	100,000	\$1.13
1,228,333	August 13, 2015	2.87	\$1.30	1,228,333	\$1.30
70,000	March 30, 2016	3.50	\$5.89	50,001	\$5.89
557,500	November 30, 2016	4.17	\$10.37	185,838	\$10.37
<b>2,233,333</b>		<b>3.01</b>	<b>\$3.59</b>	<b>1,841,672</b>	<b>\$2.20</b>

**(c) Share option reserve**

A summary of the share option reserve account is presented below:

Balance – October 1, 2011	\$	1,183,297
Vesting of options		1,854,032
Options exercised		(145,487)
Balance – September 30, 2012		2,891,842
Vesting of options		1,557,302
Options exercised		(70,302)
Balance – September 30, 2013	\$	4,378,842

**(d) Share compensation arrangement**

In April 2013, the Company amended a contingent share compensation arrangement (see Note 19(b)) with an officer of the Company which resulted in 20,000 common shares being issued at a value of \$151,800, which has been recorded as share-based payment and capitalized to the Company's exploration and evaluation asset for the Taca Taca Project.

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**12. REMUNERATION**

Expenses recognized for fees, salaries and other employee benefits are analyzed below:

	Year ended September 30,	
	2013	2012
Fees, salaries	\$ 472,826	\$ 418,664
Social security and health benefits	6,717	1,616
Share-based payments	1,015,684	1,295,480
<b>Fees, salaries and other employee benefits</b>	<b>\$ 1,495,227</b>	<b>\$ 1,715,760</b>

The amounts reflected above do not include any amounts paid in respect of the cost of services received that are capitalized to exploration and evaluation assets.

**13. LOSS PER SHARE**

The calculation of basic and diluted loss per share is based on the following data:

	Year ended September 30,	
	2013	2012
Net loss	\$ 5,163,553	\$ 4,090,225
Weighted average number of common shares for the purpose of basic and diluted loss per share	43,364,081	40,287,609

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options, in the weighted average number of common shares outstanding during the year, if dilutive.

All of the stock options currently issued (see Note 11) were anti-dilutive for the years ended September 30, 2013 and 2012. Should those stock options have been dilutive for the year, the common share equivalents for purposes of diluted earnings per share would have increased by 1,303,179 common shares for the year ended September 30, 2013 (2012 – 1,584,105). The loss per share for the year ended September 30, 2013 was \$0.12 (2012 - \$0.10).

**14. CAPITAL RISK MANAGEMENT**

It is the Group's objective when managing capital to safeguard its ability to continue as a going concern in order that it may continue to explore and develop its mineral properties and continue its operations for the benefit of its shareholders. The Group's objectives when managing capital are to:

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

The Group manages its shareholder's equity (which includes common shares, share option reserve and retained earnings) and loan payable (as applicable) as capital. The Group intends to expend existing working capital by carrying out its planned acquisition, exploration and development activities on its mineral properties and continuing to pay administrative costs.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Group may issue new shares. In order to facilitate analysis and management of its capital requirements, the Group prepares and updates annual budgets (as needed) to ensure that its exploration operations can continue to progress. Budgets, once finalized, are approved by the Board of Directors. There have not been any changes to the Group's capital management objectives, policies and processes compared to the prior year.

The Group is not subject to any externally imposed capital requirements. However, there are restrictions on the movement of capital into and out of Argentina which could impact the Group's ability to repatriate funds and therefore, pay dividends.

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**15. FINANCIAL INSTRUMENTS**

**(a) Categories of financial assets and financial liabilities**

The Group's financial assets and financial liabilities are categorized as follows:

	Category	September 30, 2013	September 30, 2012
Cash and cash equivalents	Loans and receivables	\$ 4,982,340	\$ 1,386,676
Receivables	Loans and receivables	506	67,505
Accounts payable and accrued liabilities	Other financial liabilities	103,984	2,867,462
Loan payable	Other financial liabilities	-	11,666,706

The recorded amounts for cash and cash equivalents, receivables, accounts payable and accrued liabilities and loan payable approximate their fair value due to their short-term nature. Income earned on the Group's cash and cash equivalents has been disclosed in the consolidated statements of comprehensive loss under the caption "interest and other income."

**(b) Fair Value Measurements**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The fair value of the Group's financial instruments recognized and measured at amortized cost approximates their fair value. The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a 'fair value hierarchy' which has the following levels:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2: valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group had no financial instruments that are carried and measured at fair value at September 30, 2013 and 2012.

**16. FINANCIAL INSTRUMENT RISKS**

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk. These risks arise from the normal course of the Group's operations and all transactions undertaken are to support the Group's ability to continue as a going concern. The risks associated with financial instruments and the policies on mitigation of such risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

**(a) Credit Risk**

The Group considers that its cash and cash equivalents and receivables are exposed to credit risk, representing maximum exposure of \$4,982,846 (2012 - \$1,454,181). Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash and cash equivalents is minimized by maintaining these assets with high-credit quality financial institutions. The Group is exposed to the credit risk of its bank in Argentina. The Group seeks to limit its exposure to this risk by maintaining cash balances in Argentina sufficient only to fund the short-term needs of its Argentinean subsidiary. At September 30, 2013, the Group's cash and cash equivalents were invested in three financial institutions (2012 – three financial institutions).

**(b) Liquidity Risk**

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

At September 30, 2013 the Group's current liabilities consisted of trade and other payables of \$103,984, which are due primarily within three months from the reporting period end. The Group's cash and cash equivalents of \$4,982,340 at September 30, 2013, were sufficient to pay these current liabilities.

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**16. FINANCIAL INSTRUMENT RISKS (continued)**

**(b) Liquidity Risk (continued)**

At September 30, 2012, the Group's financial liabilities consisted of trade and other payables and loan payable totaling \$14,534,168, due primarily within three months from the reporting period end. At September 30, 2012, the Group's cash and cash equivalents were \$1,386,676 which was not sufficient to repay all financial liabilities at that date. Accordingly, the Company completed a non-brokered private placement for gross proceeds of \$23.75 million in October 2012 (see Note 10) which ensured that the Group's liquidity was sufficient to continue operations.

**(c) Market Risks**

The significant market risk exposures to which the Group 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 and fair values of the Group will fluctuate because of changes in market interest rates. Based on the Group's net exposure as at September 30, 2013 and 2012, and assuming that all other variables remained constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately \$49,800 and \$14,000 respectively, in the Group's interest income on an annual basis.

*Currency Risk*

The functional currency of the Company and its subsidiaries is the Canadian dollar. The carrying amounts of financial assets and financial 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 Group is exposed to currency risks arising from fluctuations in foreign exchange rates among the Canadian dollar, U.S. dollar and Argentinean peso and the degree of volatility of these rates. The Group raises funds from equity financings or loans 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 Group does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. The Group's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

Each of the tables below shows the impact that a 1% fluctuation in foreign currency rates compared to the Canadian dollar would have on the Group's consolidated statement of loss based upon the assets held at each date disclosed. The foreign exchange risk exposure of the Group's cash and cash equivalents, receivables and accounts payable and accrued liabilities, as at September 30, 2013 is as follows:

Financial Instrument Type	Canadian Dollar	Currency	+/- 1% Fluctuation	
Cash and cash equivalents	\$ 215,508	U.S. dollar	\$ 2,155	(2,155)
	89,939	Argentinean peso	899	(899)
Accounts payable and accrued liabilities	5,722	U.S. dollar	(57)	57
	57,605	Argentinean peso	(576)	576
<b>Total</b>	<b>\$ 242,120</b>		<b>\$ 2,421</b>	<b>(2,421)</b>

The foreign exchange risk exposure of the Group's cash and cash equivalents, receivables and accounts payable and accrued liabilities, as at September 30, 2012 is as follows:

Financial Instrument Type	Canadian Dollar	Currency	+/- 1% Fluctuation	
Cash and cash equivalents	\$ 301,303	U.S. dollar	\$ 3,013	(3,013)
	761,438	Argentinean peso	7,614	(7,614)
Receivables	60,698	Argentinean peso	607	(607)
Accounts payable and accrued liabilities	415,012	U.S. dollar	(4,150)	4,150
	1,760,365	Argentinean peso	(17,604)	17,604
<b>Total</b>	<b>\$ (1,051,938)</b>		<b>\$ (10,520)</b>	<b>10,520</b>

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**16. FINANCIAL INSTRUMENT RISKS (continued)**

**(c) Market Risks (continued)**

*Other Price Risk*

The Group does not hold any financial instruments that have direct exposure to other price risks at September 30, 2013 and 2012.

**17. SEGMENTED DISCLOSURE**

*Operating segment:* The Group has one operating segment, the acquisition, exploration and evaluation of mineral assets.

*Geographic segments:* The Group's assets and liabilities at September 30, 2013 and 2012 and its expenses and other income for the years ended September 30, 2013 and 2012, by geographic area, are as follows:

	<b>September 30, 2013</b>			
	Argentina	Chile	Canada	Total
Current assets	\$ 126,241	\$ -	\$ 5,204,998	\$ 5,331,239
Exploration and evaluation assets	73,200,089	-	-	73,200,089
Plant and equipment	236,727	-	9,984	246,711
Deferred tax asset	-	-	24,105	24,105
<b>Total assets</b>	<b>\$ 73,563,057</b>	<b>\$ -</b>	<b>\$ 5,239,087</b>	<b>\$ 78,802,144</b>
Current liabilities	\$ 57,605	\$ -	\$ 46,379	\$ 103,984
Deferred tax liability	5,193,189	-	-	5,193,189
<b>Total liabilities</b>	<b>\$ 5,250,794</b>	<b>\$ -</b>	<b>\$ 46,379</b>	<b>\$ 5,297,173</b>
Expenses	\$ -	\$ -	\$ 2,018,826	\$ 2,018,826
Other (expenses) income	(39,621)	-	69,291	29,670
Loss before taxes	39,621	-	1,949,535	1,989,156
Tax (expense) recovery	(3,673,386)	-	498,989	(3,174,397)
<b>Net loss and comprehensive loss</b>	<b>\$ 3,713,007</b>	<b>\$ -</b>	<b>\$ 1,450,546</b>	<b>\$ 5,163,553</b>

  

	<b>September 30, 2012</b>			
	Argentina	Chile	Canada	Total
Current assets	\$ 1,026,663	\$ -	\$ 1,074,098	\$ 2,100,761
Exploration and evaluation assets	66,750,423	-	-	66,750,423
Plant and equipment	312,096	-	15,905	328,001
Deferred tax asset	-	-	165,993	165,993
<b>Total assets</b>	<b>\$ 68,089,182</b>	<b>\$ -</b>	<b>\$ 1,255,996</b>	<b>\$ 69,345,178</b>
Current liabilities	\$ 1,760,365	\$ -	\$ 12,773,803	\$ 14,534,168
Deferred tax liability	1,669,675	-	-	1,669,675
<b>Total liabilities</b>	<b>\$ 3,430,040</b>	<b>\$ -</b>	<b>\$ 12,773,803</b>	<b>\$ 16,203,843</b>
Expenses	\$ -	\$ -	\$ 3,328,513	\$ 3,328,513
Other income (expenses)	250,149	90,510	(167,800)	172,859
Income (loss) before taxes	250,149	90,510	(3,496,313)	(3,155,654)
Tax (expense) recovery	(1,402,381)	-	467,810	(934,571)
<b>Net (loss) income and comprehensive (loss) income</b>	<b>\$ (1,152,232)</b>	<b>\$ 90,510</b>	<b>\$ (3,028,503)</b>	<b>\$ (4,090,225)</b>

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**18. RELATED PARTY TRANSACTIONS**

*Related party expenses and balances*

The Company incurred the following expenses with related parties:

Company	Nature of transactions	Year ended September 30,	
		2013	2012
Lumina Asset Management Inc.	Office expenses (rent)	\$ 35,717	\$ 36,151
Hathaway Consulting Ltd.	Fees (management services)	36,000	36,000
Iris Consulting Ltd.	Fees (management services)	62,400	62,600
Koval Management LLC	Fees (management services)	60,000	60,000
Tugela Management Inc.	Fees (management services)	122,400	122,400
<b>Total related party expenses</b>		<b>\$ 316,517</b>	<b>\$ 317,151</b>

Lumina Asset Management Inc. ("LAMI") is considered a company related by way of directors or shareholders in common. Related party expenses have been recorded at the amount agreed to by the parties. At September 30, 2013, \$18,918 relating to LAMI was included in accounts payable and accrued liabilities (2012 – \$18,762). At September 30, 2013, \$5,200 relating to Iris Consulting Ltd was included in accounts payable and accrued liabilities (2012 – \$5,200).

During the year ended September 30, 2013, the Group incurred lease expenses relating to the rental of motor vehicles for use at the Taca Taca property in the amount of \$75,674 (2012 - \$84,960). These amounts were payable to a director of Company's Argentinean subsidiary. At September 30, 2013, \$4,615 was included in accounts payable and accrued liabilities (2012 - \$8,174). The Company also considers that its credit agreement with LCLP was a related party transaction (see Note 9) as LCLP is a shareholder of the Company. At September 30, 2013, the Company had \$506 in receivables related to certain expenses incurred on behalf of, and recoverable from, a company related by certain common directors (2012 - \$Nil).

*Key management personnel compensation*

Key management of the Group are directors and officers of Lumina and their remuneration includes the following:

	Year ended September 30,	
	2013	2012
Short-term benefits (i)	\$ 538,102	\$ 609,003
Share-based payments (ii)	1,067,200	1,720,400
<b>Total remuneration</b>	<b>\$ 1,605,302</b>	<b>\$ 2,329,403</b>

(i) Short-term benefits include fees and salaries.

(ii) Share-based payments are the fair value of options granted to key management personnel as at the grant date.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the years ended September 30, 2013 and 2012.

**19. COMMITMENTS AND CONTINGENCIES**

**(a) Commitments**

The Group has entered into agreements for the rental of offices, warehouse facilities, accommodation and support vehicles to support activities at Taca Taca that require minimum payments in the aggregate as follows:

	September 30, 2013		September 30, 2012	
Within one year	\$	79,161	\$	135,785
After one year but not more than five years		-		65,210
More than five years		-		-
	<b>\$</b>	<b>79,161</b>	<b>\$</b>	<b>200,995</b>

**(b) Contingency**

The Company previously 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 were to be issued as compensation. In April 2013, the Company amended the agreement (see Note 11(d)) such that 20,000 common shares were issued. The remaining 20,000 common shares under the agreement remain subject to their original terms. The Company does not currently consider that these shares are likely to be issued so has not provided an estimate as to their market value in these financial statements.

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**20. TAXES**

Deferred taxes arising from temporary differences and unused tax losses are summarized as follows:

	September 30, 2013		September 30, 2012	
Unrecognized deferred tax assets				
Temporary differences				
Other assets	\$	163,024	\$	136,182
Income tax losses carried forward		455,396		-
Unrecognized deferred tax assets	\$	618,420	\$	136,182
Recognized deferred tax assets				
Temporary differences				
Share issue costs	\$	24,105	\$	165,993
Recognized deferred tax asset	\$	24,105	\$	165,993
Deferred tax liabilities				
Temporary differences				
Exploration and evaluation assets / plant and equipment	\$	5,193,189	\$	1,669,675
Net deferred tax liability	\$	5,169,084	\$	1,503,682

As at September 30, 2013, tax losses have been recognized in the balance sheet except for \$1,301,000 of Argentinean non-capital losses which expire between December 31, 2013 and December 31, 2018.

The Company has recorded a current tax receivable in the amount of \$317,958 (2012 - \$562,718) which relates primarily to income tax losses in the current year which can be carried back to recover taxes paid relating to the year ended September 30, 2011. \$743,749 was received in June 2013. It is expected that this amount will be recovered when the Company files its Canadian tax returns for the year ended September 30, 2013.

The major components of tax expense and the reconciliation of income tax computed at statutory rates to the reported income tax expense are as follows:

	Year ended September 30,	
	2013	2012
Canadian statutory rate	25.5%	25.4%
Income tax (benefit) computed at Canadian statutory rates	\$ (507,235)	\$ (800,747)
Adjustment in respect of current income tax of previous years	(181,031)	-
Effect of deferred taxes on share issue costs	70,786	-
Effect of different tax rates	58,608	16,497
Effect of expenses that are non-deductible in determining taxable income	210,639	332,088
Effect of exploration costs expensed in local jurisdiction	234,808	-
Effect of previously unrecognized tax losses now recognized as deferred tax assets	-	(291,652)
Foreign currency translation of non-monetary assets	3,288,926	1,685,128
Other differences	(1,104)	(6,743)
Tax expense	\$ 3,174,397	\$ 934,571
Breakdown of income tax expense		
Current tax (recovery)	\$ (498,989)	\$ (467,810)
Deferred tax expense	3,673,386	1,402,381
Total tax expense	\$ 3,174,397	\$ 934,571

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**21. POST-REPORTING DATE EVENTS**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization except that stock options were exercised as follows:

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Date	Number of Options Exercised	Exercise price per option	Total Proceeds
October 10, 2013	30,000	\$ 0.42	\$ 12,600
October 22, 2013	2,300	\$ 1.30	2,990
October 23, 2013	12,200	\$ 1.30	15,860
November 27, 2013	37,500	\$ 0.42	15,750
November 27, 2013	40,000	\$ 1.30	52,000
December 2, 2013	30,000	\$ 0.42	12,600
December 4, 2013	50,000	\$ 0.42	21,000
December 10, 2013	50,000	\$ 1.30	65,000
	252,000		\$ 197,800

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**22. AUTHORIZATION OF FINANCIAL STATEMENTS**

The consolidated financial statements for the year ended September 30, 2013 were approved and authorized for issue by the Board of Directors on December 11, 2013.