



(A Development Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 and 2010

TSXV : LCC

Independent auditor's report

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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, 2011 and 2010, the consolidated statements of income, comprehensive income and deficit and cash flows for the years then ended 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 Canadian generally accepted accounting principles, 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, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
December 12, 2011



Chartered accountants

LUMINA COPPER CORP.*(a development stage enterprise)***CONSOLIDATED BALANCE SHEETS***(expressed in Canadian dollars)*

	September 30, 2011	September 30, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 9,517,110	\$ 5,920,622
Marketable securities (Note 4)	-	1,911,600
Receivables	151,445	12,948
Future income taxes (Note 16)	30,192	-
Prepaid expenses	32,611	4,295
TOTAL CURRENT ASSETS	9,731,358	7,849,465
EQUIPMENT (Note 5)	189,532	13,761
MINERAL PROPERTY (Note 6)	19,496,161	5,491,771
OTHER INVESTMENTS (Note 7)	-	3
FUTURE INCOME TAXES (Note 16)	60,383	-
TOTAL ASSETS	\$ 29,477,434	\$ 13,355,000
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,421,197	\$ 188,373
Income taxes payable	1,251,000	-
TOTAL CURRENT LIABILITIES	3,672,197	188,373
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 8)	15,021,768	44,737
CONTRIBUTED SURPLUS (Note 10)	11,202,199	16,585,056
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	(418,730)	(3,463,166)
TOTAL SHAREHOLDERS' EQUITY	25,805,237	13,166,627
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 29,477,434	\$ 13,355,000

Basis of presentation and nature of operations (Note 1)

Commitments and Contingency (Note 17)

Subsequent events (Note 18)

APPROVED BY THE DIRECTORS

"Ross Cory"

Director

"Robert Pirooz"

Director

See Accompanying Notes to the Consolidated Financial Statements

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

For the Years Ended September 30, 2011 and 2010

(expressed in Canadian dollars)

	2011	2010
EXPENSES		
Management and administrative services	\$ 811,033	\$ 574,287
Legal and accounting	930,408	100,601
Investor relations	106,029	34,883
Office and administration	71,103	89,362
Regulatory and transfer agent fees	49,908	24,420
Travel and accommodation	48,363	24,086
Property investigations	5,078	73,350
Amortization	3,672	5,253
	2,025,594	926,242
OTHER INCOME (EXPENSES)		
Interest and other income	91,691	39,426
Foreign exchange loss	(65,001)	(77,349)
Gain on disposition of mineral property (Note 7(a))	3,781,940	2,148,770
Gain on marketable securities and other investments (Notes 4 and 7(b))	966,400	1,056,370
	4,775,030	3,167,217
INCOME BEFORE TAXES	2,749,436	2,240,975
Income tax recovery (Note 16)	295,000	-
NET INCOME AND COMPREHENSIVE INCOME FOR THE YEAR	3,044,436	2,240,975
DEFICIT, BEGINNING OF YEAR	(3,463,166)	(5,704,141)
DEFICIT, END OF YEAR	\$ (418,730)	\$ (3,463,166)
EARNINGS PER SHARE (Note 11)		
Basic	\$ 0.08	\$ 0.06
Diluted	\$ 0.08	\$ 0.06
Weighted average number of common shares outstanding - basic	36,600,067	34,618,491
Weighted average number of common shares outstanding - diluted	38,013,354	34,939,538

See Accompanying Notes to the Consolidated Financial Statements

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

For the Years Ended September 30, 2011 and 2010

(expressed in Canadian dollars)

	2011	2010
CASH PROVIDED FROM (USED IN):		
OPERATING ACTIVITIES		
Net income for the year	\$ 3,044,436	\$ 2,240,975
Items not involving cash:		
Amortization	3,672	5,253
Stock-based compensation	486,505	447,195
Future income taxes	(295,000)	-
Gain on marketable securities and other investments	(966,400)	(1,056,370)
Gain on disposition of mineral property	(3,781,940)	(2,148,770)
Net changes in non-cash working capital items:		
Receivables	(138,497)	(4,787)
Prepaid expenses	(28,316)	3,665
Accounts payable and accrued liabilities	147,929	(178,996)
	(1,527,611)	(691,835)
FINANCING ACTIVITIES		
Issuance of common shares	14,875,309	25,850
INVESTING ACTIVITIES		
Expenditures on mineral property	(12,634,491)	(1,361,600)
Purchase of equipment	(178,984)	-
Net cash transferred pursuant to reorganization (Note 1)	(719,675)	-
San Jorge proceeds received (Note 7(a))	3,781,940	2,148,770
	(9,751,210)	787,170
INCREASE IN CASH AND CASH EQUIVALENTS	3,596,488	121,185
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,920,622	5,799,437
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,517,110	\$ 5,920,622
Other cash flow information		
Interest received	\$ 102,883	\$ 126,281
Taxes paid	\$ -	\$ -

Non-cash disclosure:

Expenditures on mineral property are disclosed net of mineral property obligations included in accounts payable and accrued liabilities in the amount of \$2,074,703 (2010 - \$176,193).

Current income tax liability accrued and current income tax cost recorded in contributed surplus for the Lumina Arrangement (Note 1) in the amount of \$1,251,000 (2010 - \$Nil).

LUMINA COPPER CORP.

(a development stage enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011 and 2010

(expressed in Canadian dollars)

1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS

Lumina Copper Corp. ("Lumina" or "the Company") was incorporated on May 12, 2008 and commenced operations on August 1, 2008 pursuant to a plan of arrangement (the "Global Arrangement") by Global Copper Corp. ("Global"). Prior to August 1, 2008, the Company was operating as a division of Global. The Company is engaged in the exploration and development of mineral resources and is considered to be in the development stage as it has not placed its mineral property into production.

On June 16, 2011, Lumina completed a reorganization, by way of a plan of arrangement (the "Lumina Arrangement") under the *Business Corporations Act* (British Columbia) which resulted in the Company transferring cash of \$719,675 (including cash held by Minera Global Copper Chile S.A.), its marketable securities and its royalty interests to Lumina Royalty Corp. (a newly incorporated company) ("LRC") at their carrying amounts under continuity-of-interests accounting. No gain or loss was recognized on this transaction.

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.

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

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

The results of operations and the cash flows also include the accounts of Minera Global Copper Chile S.A. and Lumina Royalty Corp. to June 16, 2011.

Long-term continuance of the Company's operations is dependent upon achieving profitable operations and obtaining additional equity or debt financing. The recoverability of the carrying values of the Company's mineral property interests is dependent upon the existence and discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production from or proceeds from the disposition of mineral properties.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

(a) Management estimates and measurement uncertainty

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011 and 2010

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value or are readily convertible into cash with maturities of three months or less when purchased.

(c) Marketable securities

Marketable securities are recorded at fair market value on the date of acquisition and are classified as held for trading. The carrying value of the securities is adjusted at each subsequent balance sheet date to the then fair value with the resulting unrealized gains or losses included in net income for the period. Transaction costs relating to the purchases of marketable securities are expensed directly to net income (loss).

(d) Equipment

Equipment is carried at cost less accumulated amortization. Amortization is provided over the estimated useful life of the equipment using the straight-line method as follows:

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

(e) Mineral properties

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

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

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

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

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

(f) Other investments

Other investments that are not financial instruments are reported at cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011 and 2010

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Asset retirement obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either the timing or amount of the original estimate of the undiscounted cash flow. As at September 30, 2011 and 2010, the Company did not have any asset retirement obligations.

(h) Environmental protection practices

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

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

(i) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset or financial liability is initially recognized at its fair value. Methods for determining fair values are described in note 14(b). The Company's accounting policy for each category of financial instrument is summarized below:

Loans and receivables: Loans and receivables are initially recognized at fair value including direct and incremental transaction costs and are subsequently measured at amortized cost, using the effective interest method. The Company has classified its receivables as loans and receivables.

Held for trading: Financial assets and liabilities that are purchased and incurred with the intention of generating income in the near term are classified as held for trading. Financial instruments included in this category are initially recognized at fair value and transaction costs are recognized immediately in net income for the period along with gains and losses arising from changes in fair value. Regular-way purchases and sales of financial assets are accounted for on the trade date. The Company has designated its cash and cash equivalents and marketable securities as held for trading.

Held-to-maturity: Held-to-maturity investments are financial assets with fixed or determinable payments that the Company has the intention and ability to hold to maturity. These are initially recognized at fair value including direct and incremental transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company has no held-to-maturity investments.

Available-for-sale: Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as any other categories described above. These assets are initially recognized at fair value including direct and incremental transaction costs and are subsequently measured at fair value with gains and losses arising from changes in fair value included in other comprehensive income until ultimate sale when the cumulative gain or loss is transferred to net income. The Company has no available-for-sale financial assets.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

Other financial liabilities: If not classified as held for trading, financial liabilities are classified as other financial liabilities. After initial measurement at fair value, other financial liabilities are measured at amortized cost using the effective interest method. Gains or losses are recognized in net income (loss) in the period when the liability is derecognized. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

(j) Income taxes

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

Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. A valuation allowance is recognized for future income tax assets to reflect the estimated realizable amount.

(k) Stock-based compensation

The Company follows the fair value method of accounting for the stock option awards granted to employees, directors and non-employees providing services to the Company. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the Company's common shares and an expected life and rate of forfeiture of the options. Stock-based compensation is amortized to net income or the relevant balance sheet accounts (such as mineral property) over the vesting period of the related option.

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

(l) Foreign currency translation

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

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Earnings (loss) per share

Earnings (loss) per share is calculated based on the net income (loss) attributable to common shareholders for the period divided by the weighted average number of common shares issued and outstanding during the year.

Diluted earnings (loss) per share is calculated using the treasury stock method under which all options whose exercise price is less than or equal to the average share price of the Company for the period are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and that the Company will use the resulting proceeds to purchase its common shares at the average market price during the period. The purchased shares reduce the number of shares issued upon exercise of the options and this net number is included in the denominator when calculating diluted earnings per share.

(n) Recent accounting pronouncements

The following are recent accounting pronouncements issued which may impact the Company's future financial reporting:

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 would 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 would 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.

3. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents at September 30, 2011 consisted of cash of \$4,948,222 and cash equivalents of \$4,568,888 (September 30, 2010 – cash of \$271,401 and cash equivalents of \$5,649,221).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011 and 2010

(expressed in Canadian dollars)

4. MARKETABLE SECURITIES

The Company held no marketable securities at September 30, 2011 following the transfer of these assets to LRC as part of the Lumina Arrangement (Note 1). Changes in market value of marketable securities have been recorded in the consolidated statements of income, comprehensive income and deficit up to June 16, 2011.

At September 30, 2010, the Company held the following marketable securities:

	Number of Common Shares	Original Cost	Cumulative Adjustment to Fair Value	Fair Value September 30, 2010
Los Andes Copper Ltd.	6,280,000	\$ 4,584,400	\$ (3,202,800)	\$ 1,381,600
Coro Mining Corp.	1,000,000	976,668	(446,668)	530,000
		\$ 5,561,068	\$ (3,649,468)	\$ 1,911,600

5. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value September 30, 2011
Leasehold improvements	\$ 94,910	\$ 2,712	\$ 92,198
Furniture and equipment	122,563	25,229	97,334
	\$ 217,473	\$ 27,941	\$ 189,532

	Cost	Accumulated Amortization	Net Book Value September 30, 2010
Furniture and equipment	\$ 28,296	\$ 14,535	\$ 13,761

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(expressed in Canadian dollars)

6. MINERAL PROPERTY

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

For the years ended September 30, 2011 and 2010, the Company's expenditures on the Taca Taca property were as follows:

	2011	2010
Balance, beginning of year	\$ 5,491,771	\$ 3,942,617
Additions during period:		
Property exploration		
Drilling	7,483,760	419,030
Taxes (VAT) and tenure fees	2,009,040	114,569
Supplies and equipment	1,512,106	113,134
Geological	934,920	483,079
Transportation and accommodation	701,631	49,200
Salaries and wages	637,150	60,127
Metallurgical studies	373,262	143,160
Sample costs	314,267	5,192
Field office and administration	314,120	79,811
Fuel	226,937	36,128
Project Management	115,897	29,601
Engineering	92,843	-
Social	72,096	-
Environmental	36,980	12,222
Consultant database	15,669	-
Legal	13,456	3,901
Less: Taca Taca Royalty transferred to LRC pursuant to the Lumina Arrangement (Note 1)	(849,744)	-
Balance, end of year	\$ 19,496,161	\$ 5,491,771

7. OTHER INVESTMENTS

Other investments consist of the following:

	September 30, 2011	September 30, 2010
Investment in Minera San Jorge (Note 7(a))	\$ -	\$ 1
Royalty – Vizcachitas Property (Note 7(b))	-	1
Royalty – Relincho Project (Note 7(c))	-	1
	\$ -	\$ 3

Other investments were transferred to LRC, pursuant to the Lumina Arrangement (Note 1), at their carrying value of \$3.

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(expressed in Canadian dollars)

7. OTHER INVESTMENTS (continued)

(a) Investment in Minera San Jorge

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

Pursuant to an agreement entered into between Global and an arm's-length party, Coro Mining Corp. ("Coro"), on August 9, 2006, as subsequently amended, Global transferred to Coro its 100% interest in shares of San Jorge.

The consideration agreed to with Coro in connection with the transfer of Global's shares in Minera San Jorge S.A. consisted of cash payments over a number of years and 1,000,000 common shares of Coro (Note 4), as well as certain royalty payments. The rights to receive all future cash and royalty payments from Coro, if any, were transferred to Lumina under the terms of the Global Arrangement.

During the year ended September 30, 2011, the Company received from Coro a cash payment of US \$4,000,000 (\$3,781,940), (2010 – US \$2,000,000 (\$2,148,770)).

Under the terms of the Lumina Arrangement (Note 1), all payments received from Coro up to and including May 2011 are retained by the Company. Future payments, if any, are to be made to LRC and its subsidiary.

(b) Royalty – Vizcachitas Property

Global previously owned an interest in the Vizcachitas property located in Chile. In fiscal 2007, Global sold all of its interest in the property to Los Andes Copper Ltd. ("Los Andes"). As part of the consideration of the sale, Global received 6,280,000 common shares (Note 4) and 3,900,000 warrants of Los Andes, exercisable for common shares of Los Andes at a price of \$1.00 per share on or before February 7, 2010. The warrants expired unexercised on February 7, 2010.

As additional consideration for the sale of Vizcachitas, Global was granted net smelter royalties of 2% on revenue generated from open pit operations and 1% on revenues generated from underground operations on certain of the claims that comprise the Vizcachitas property. Rights to receive these royalties were transferred to the Company under the terms of the Global Arrangement. The Los Andes common shares and the royalty interest were transferred to LRC in June 2011 pursuant to the Lumina Arrangement (Note 1).

(c) Royalty – Relincho Project

Lumina was granted a 1.5% net smelter return royalty on the Relincho Project, payable commencing in the fifth year after commencement of commercial production, pursuant to the Global Arrangement. The Relincho Project is a mineral property located in Chile. The royalty interest was transferred to LRC pursuant to the Lumina Arrangement in June 2011 (Note 1).

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8. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued and outstanding

Common Shares	Number of Shares	Amount
Balance, September 30, 2009	34,609,149	\$ 1
Exercise of share options:	55,000	-
Cash proceeds	-	25,850
Transfer from contributed surplus	-	18,886
Balance, September 30, 2010	34,664,149	\$ 44,737
Shares issued under private placement (net of issue costs) (i)	3,000,000	14,853,759
Future income tax on share issue costs	-	90,575
Exercise of share options:	20,000	-
Cash proceeds	-	21,550
Transfer from contributed surplus	-	11,147
Balance, September 30, 2011	37,684,149	\$ 15,021,768

(i) In February 2011, the Company completed a non-brokered private placement and issued 3,000,000 common shares at a price of \$5.15 per share for proceeds of \$14,853,759, net of cash issue costs of \$596,241.

9. STOCK OPTIONS

The Company has adopted a stock option plan ("the Plan") whereby it may grant common share options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 3,426,305. The vesting period for all options is at the discretion of the board of directors.

A summary of the Company's stock options outstanding at September 30, 2011 and 2010 and the changes for the years then ended are presented below:

	2011		2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,842,500	\$ 1.27	387,500	\$ 0.47
Granted	70,000	6.63	1,510,000	1.45
Exercised	(20,000)	1.08	(55,000)	0.47
Outstanding, end of year	1,892,500	\$ 1.31 ⁽¹⁾	1,842,500	\$ 1.27

LUMINA COPPER CORP.*(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2011 and 2010**

(expressed in Canadian dollars)

9. STOCK OPTIONS (continued)

At September 30, 2011, the Company had outstanding stock options, with a weighted average remaining contractual life of 3.61 years (September 30, 2010 – 4.58 years), to purchase an aggregate of 1,892,500 common shares (September 30, 2010 – 1,842,500 common shares) as follows:

Options Outstanding			Options Exercisable	
Number of Shares	Expiry Date	Exercise Price	Number of Shares	Exercise Price
327,500	January 20, 2014	\$0.42 ⁽¹⁾	327,500	\$0.42
100,000	May 19, 2015	\$1.13 ⁽¹⁾	63,335	\$1.13
1,395,000	August 13, 2015	\$1.30 ⁽¹⁾	928,337	\$1.30
70,000	March 30, 2016	\$5.89 ⁽¹⁾	25,002	\$5.89
1,892,500		\$1.31	1,344,174	\$1.16

⁽¹⁾Pursuant to the Lumina Arrangement (Note 1), the holders of stock options at June 16, 2011, were granted replacement options to purchase an identical number of common shares of both Lumina and LRC. The exercise price of the original Lumina options was allocated 89% to the Lumina replacement options and 11% to the newly issued LRC options.

Pursuant to the Company's accounting policy for stock-based compensation, the fair value of options vesting during the year, in the amount of \$621,712 (2010 - \$458,556) has been recognized. Of this amount, \$486,505 (2010 - \$447,195) has been included in expenses and \$135,207 (2010 - \$11,361) has been capitalized to mineral property.

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

	Year ended September 30,	
	2011	2010
Risk-free interest rate	1.72%	1.36 – 1.56%
Expected dividend yield	-	-
Expected stock price volatility	71%	90 - 93%
Expected option life in years	2	2
Expected rate of forfeiture	0 - 5%	0 - 5%

Stock options granted during the year ended September 30, 2011 were priced based upon the five-day volume weighted average price for the Company's shares prior to the grant date. The weighted average grant-date fair value of options granted during the year ended September 30, 2011 was \$3.12 per option (2010 - \$0.75 per option).

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.

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10. CONTRIBUTED SURPLUS

A summary of the contributed surplus account is presented below:

Balance, September 30, 2009	\$	16,145,386
Stock-based compensation (Note 9)		458,556
Transfer to common share capital on exercise of stock options		(18,886)
Balance, September 30, 2010		16,585,056
Stock-based compensation (Note 9)		621,712
Reduction of contributed surplus as a result of the reorganization (net of tax of \$1,546,000) (Note 1)		(5,993,422)
Transfer to common share capital on exercise of stock options		(11,147)
Balance, September 30, 2011	\$	11,202,199

11. BASIC AND DILUTED EARNINGS PER SHARE

The following table summarizes the calculation of basic and diluted earnings per share for the years ended September 30, 2011 and 2010:

	2011	2010
Net income	\$ 3,044,436	\$ 2,240,975
Weighted average number of shares outstanding	36,600,067	34,618,491
Earnings per share – basic	\$ 0.08	\$ 0.06
Weighted average number of shares outstanding	36,600,067	34,618,491
Effect of common share equivalents	1,413,287	321,047
	38,013,354	34,939,538
Earnings per share - diluted	\$ 0.08	\$ 0.06

At September 30, 2011, there were no potentially dilutive securities (September 30, 2010 – Nil) that have not been included in the diluted earnings per share calculation because their effect is anti-dilutive.

12. CAPITAL MANAGEMENT

The Company manages its shareholders' equity (which includes common shares, contributed surplus and accumulated deficit) as capital.

The Company's objectives when managing capital are to:

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

Any decision to raise additional capital requires approval of the Board of Directors.

As at September 30, 2011 and 2010, the Company had no bank indebtedness. The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended September 30, 2011 and 2010.

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

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13. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration, and all non-current assets of the Company are located in Canada except for \$168,199 related to equipment and its mineral property interest which is located in Argentina (see Note 6).

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

14. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and financial liabilities

Under Canadian GAAP, financial instruments are classified into one of the following five categories: financial assets or financial liabilities held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, which are the same as their fair values, are classified into the following categories:

Category		September 30, 2011	September 30, 2010
Cash and cash equivalents	Designated held for trading	\$ 9,517,110	\$ 5,920,622
Marketable securities	Designated held for trading	-	1,911,600
Receivables	Loans and receivables	151,445	12,948
Accounts payable and accrued liabilities	Other financial liabilities	\$ (2,421,197)	\$ (188,373)

The recorded amounts for cash and cash equivalents, marketable securities, receivables and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company has designated its cash and cash equivalents and marketable securities as financial assets held for trading. Income earned on the Company's cash and cash equivalents has been disclosed in the consolidated statements of income under the caption "interest and other income."

(b) Fair value measurements

The fair value of financial instruments 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: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy:

	September 30, 2011			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Cash and cash equivalents	9,517,110	-	-	9,517,110

	September 30, 2010			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Cash and cash equivalents	5,920,622	-	-	5,920,622
Marketable securities	1,911,600	-	-	1,911,600

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14. FINANCIAL INSTRUMENTS (continued)

(c) Credit risk

The Company considers that the following financial assets have exposure to credit risk: cash and cash equivalents and receivables. The total value of these items at September 30, 2011 is \$9,517,110 and \$151,445 respectively. 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 Company seeks to place its cash and cash equivalents with reputable financial institutions.

At September 30, 2011, the Company's Canadian bank held \$6,825,281 in cash and cash equivalents (2010 - \$5,750,675). The Company is also exposed to the credit risk of its banks in Argentina and Chile which hold \$2,691,829 in cash at September 30, 2011 (2010 - \$169,947) for the Company's Argentinean and Chilean operations. The Company seeks to limit its exposure to this risk by maintaining cash balances in Argentina and Chile sufficient only to fund the short-term needs of its Argentinean and Chilean subsidiaries.

At September 30, 2011 and September 30, 2010, the Company's cash and cash equivalents were invested in three financial institutions located in Canada, Chile and Argentina.

(d) 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 available to meet its obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash on hand, disposition of assets and accessing the capital markets.

At September 30, 2011 and September 30, 2010, the Company's current liabilities consisted of accounts payable and accrued liabilities of \$2,421,197 and \$188,373, respectively, due primarily within the next fiscal quarter. In addition, at September 30, 2011, the Company has accrued income taxes payable in the amount of \$1,251,000 (2010 - \$Nil). The Company's cash and cash equivalents of \$9,517,110 at September 30, 2011 and \$5,920,622 at September 30, 2010, was sufficient to pay these current liabilities.

(e) Market risks

The significant market risk exposures 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 and fair values 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 year ended September 30, 2011 is interest income earned on the Company's cash and cash equivalents. Based on the Company's cash and cash equivalents at September 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 \$95,000 (2010 - \$59,000).

LUMINA COPPER CORP.*(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2011 and 2010**

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14. FINANCIAL INSTRUMENTS (continued)**(e) Market risks (continued)****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 in net income for the period.

The Company is exposed to 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, Chilean pesos, and Argentinean pesos.

The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks.

The Company's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

A summary of the Company's exposure to currency fluctuations at September 30, 2011 is presented below:

Financial Instruments	Canadian Dollar	Currency	Impact of +/- 1% Fluctuation
Cash and cash equivalents	\$ 5,904,258	CAD dollar	\$ -
	921,024	U.S. dollar	9,210
	3,122	Chilean peso	31
	2,688,706	Argentinean peso	26,887
Receivables	102,087	CAD dollar	-
	49,358	Argentinean peso	494
Accounts payable and accrued liabilities	(156,351)	CAD dollar	-
	(1,793,383)	U.S. dollar	(17,934)
	(2,269)	Chilean peso	(23)
	(469,194)	Argentinean peso	(4,692)
Total	\$ 7,247,358		\$ 13,973

LUMINA COPPER CORP.*(a development stage enterprise)***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2011 and 2010**

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14. FINANCIAL INSTRUMENTS (continued)**(e) Market risks (continued)****Currency risk (continued)**

A summary of the Company's exposure to currency fluctuations at September 30, 2010 is presented below:

Financial Instruments	Canadian Dollar	Currency	Impact of +/- 1% Fluctuation
Cash and cash equivalents	\$ 4,297,573	CAD dollar	\$ -
	1,490,742	U.S. dollar	14,907
	4,758	Chilean peso	48
	127,549	Argentinean peso	1,275
Marketable securities	1,911,600	CAD dollar	-
Receivables	8,016	CAD dollar	-
	4,932	Argentinean peso	49
Accounts payable and accrued liabilities	(11,388)	CAD dollar	-
	(6,174)	U.S. dollar	(62)
	(2,200)	Chilean peso	(22)
	(168,611)	Argentinean peso	(1,686)
Total	\$ 7,656,797		\$ 14,509

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 earnings 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, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Until completion of the Lumina Arrangement (Note 1), the Company held marketable securities that fluctuated in value as a result of trading on financial markets. Accordingly, at September 30, 2011, there is no price risk related to the disposed of assets. Based on the Company's holdings at September 30, 2010, a 10% increase or decrease in the market price of securities held would have resulted in an increase (or decrease) to net income of approximately \$191,000.

The Company does not hold any financial instruments that have direct exposure to commodity price movements and volatilities at September 30, 2011.

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15. RELATED PARTY TRANSACTIONS

A total of \$206,000 (2010 - \$148,150) was incurred to four private companies controlled by directors and officers of the Company for management and technical consulting services. At September 30, 2011, \$5,000 (September 30, 2010 - \$Nil) was included in accrued liabilities relating to these services.

The Company incurred \$16,462 (2010 - \$5,684) for the rental of office premises from companies related by virtue of common directors. At September 30, 2011, \$7,049 was included in accrued liabilities relating to rent expense (2010 - \$Nil).

During the year ended September 30, 2011, the Company incurred lease expense relating to the rental of a motor vehicle for use at the Taca Taca property in the amount of \$10,786 (2010 - \$Nil). This amount was payable to a director of the Company's Argentinean subsidiary. At September 30, 2011, \$2,819 was included in accounts payable (2010 - \$Nil).

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

16. INCOME TAXES

Subject to certain restrictions, at September 30, 2011, the Company has non-capital losses of approximately \$522,700 (2010 - \$1,375,500) as well as certain exploration expenditures, that may be available to offset future taxable income as detailed below:

Tax Loss Expiry Date	Chile	Argentina
2011 (December 31)	\$ -	\$ 28,400
2012 (December 31)	-	45,400
2013 (December 31)	-	40,400
2014 (December 31)	-	45,200
2015 (December 31)	-	84,400
2016 (December 31)	-	268,100
Without expiry	10,800	-
	\$ 10,800	\$ 511,900

The Company has no Canadian capital losses at September 30, 2011 (September 30, 2010 - \$469,500).

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

	2011	2010
Canadian statutory rate	26.9%	28.9%
Income tax due computed at Canadian statutory rates	\$ (739,600)	\$ (647,100)
Foreign tax rates different from statutory rate	390,400	251,000
Decreased rate on unrealized gain on marketable securities	129,900	132,000
Decreased rate on gain on disposition of mineral property	656,400	365,300
Change in valuation allowance	(10,500)	50,100
Other differences	(131,600)	(151,300)
	\$ 295,000	\$ -

Breakdown of income tax recovery:

Current	\$ -	\$ -
Future	295,000	-
Future	\$ 295,000	\$ -

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16. INCOME TAXES (continued)

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

	2011	2010
Future income tax assets		
Temporary differences		
Marketable securities	\$ -	\$ 341,300
Other assets	120,387	44,900
Income tax losses carried forward	181,011	416,700
Future income tax assets	301,398	802,900
Valuation allowance for future income tax assets	(138,100)	(730,900)
	163,298	72,000
Future income tax liabilities		
Mineral property interests	(72,723)	(72,000)
Future income tax assets, net	\$ 90,575	\$ -
Breakdown of net future income tax asset:		
Current	\$ 30,192	\$ -
Non-current	60,383	-
	\$ 90,575	\$ -

17. COMMITMENTS AND CONTINGENCY

(a) Commitments

The Company has entered into agreements for the rental of office space and a warehouse that require minimum payments in the aggregate as follows:

Fiscal 2012	\$ 82,000
Fiscal 2013	96,000
Fiscal 2014	70,000
	\$ 248,000

(b) Contingency

The Company has 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. As of the balance sheet date, the Company does not currently consider that these shares are likely to be issued and as a result has not recorded their fair value in these consolidated financial statements.

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18. SUBSEQUENT EVENTS

Subsequent to September 30, 2011:

- (a) the Company closed brokered and non-brokered private placements of 3,000,000 common shares at a price of \$10 per common share for total gross proceeds of \$30 million. The brokered private placement and a portion of the non-brokered placement are subject to a 5% finder's fee; and
- (b) the Company granted 557,500 stock options to certain directors, officers, employees and consultants of the Company. The stock options are exercisable at a price of \$10.37 per common share and expire on November 30, 2016. The options vest as to one-third on grant and a further one-third every year until fully vested.