



**Management's Discussion and Analysis
For the Nine Months Ended June 30, 2010**

August 13, 2010

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

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

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Lumina and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the unaudited consolidated financial statements of the Company and the notes thereto for the three and nine months ended June 30, 2010 and 2009 and, consequently should be read in conjunction with the afore-mentioned financial statements and notes thereto. In addition, this MD&A should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended September 30, 2009 and 2008, which are available on SEDAR at www.sedar.com. All amounts in this MD&A are in Canadian dollars unless otherwise indicated.

Forward Looking Information

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. This MD&A contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include statements with respect to:

- the Company's exploration program and possible related discoveries of new mineralization or increases to the Company's reported mineral resource;
- the Company's metallurgical testing program;
- the progress being made by Coro Mining Corp. with regard to the San Jorge property;
- the Company's planned conversion to International Financial Reporting Standards;
- the impact to the Company of future accounting standards and discussion of risks and uncertainties around the Company's business; and
- the Company's ability to raise additional financing and continue as a going concern.

In general, forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied

by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

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

Significant Events, Transactions and Activities on Mineral Properties

In order to better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities on mineral property interests which occurred during the period ended June 30, 2010 and to the date of this MD&A.

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

Taca Taca Property

The Company owns a 100% interest in the Taca Taca Property, located in Salta Province in north-western Argentina, subject to a net smelter returns royalty of 0.42%.

The Company has filed an updated NI 43-101 compliant technical report, as amended on January 22, 2010, entitled "*Amended Taca Taca Technical Report*", on the property (the "Report"). The Report was authored by Robert Sim, P. Geol., a Qualified Person as defined by NI 43-101. Additional work recommended in the Report included conducting preliminary metallurgical testwork, infill drilling within the current resource to reduce the average drillhole spacing to approximately 250 metres and exploration drilling to test for extensions of the deposit. The Report may be obtained from www.sedar.com or from the Company's website at www.luminacopper.com.



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

In May 2010, the Company commenced the exploration program with a deep ground penetrating geophysical survey utilizing Quantec Geoscience's proprietary Titan24 Deep Earth Imaging System to identify buried copper porphyry bodies. The Titan24 survey was completed in June 2010.

In August 2010, the Company commenced a first phase drill program to evaluate the deep targets generated from the Titan24 survey and potential northern extensions of the existing mineral resource. The first phase of the program is expected to last four to six months and will be extended and/or expanded based upon results.

In addition, a preliminary metallurgical testing program was initiated to evaluate the amenability of the Taca Taca mineralization to flotation and concentration.

San Jorge Property

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

Details of the San Jorge agreement and amendments thereon are disclosed in Note 7(a) of the unaudited consolidated financial statements of the Company for the three and nine months ended June 30, 2010 and 2009. The terms of the agreement include cash payments to Lumina of US\$16 million over four years from 2010 through 2013, less the value of 1 million common shares of Coro already received. The cash payments will be treated as advance payments against net smelter royalties payable to Lumina as described in Note 7(a) of the afore-mentioned financial statements.

On June 4, 2010, Coro made a payment of US\$2 million to the Company in accordance with the terms of the San Jorge agreement.

Review of Financial Results

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

Lumina effectively commenced operations on August 1, 2008 upon completion of the Arrangement. Details of the Arrangement and the transfer of certain assets and liabilities from Global to Lumina are disclosed in Note 2 of the audited consolidated financial statements for the years ended September



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30, 2009 and 2008. These financial statements may be obtained from www.sedar.com or from the Company's website at www.luminacopper.com.

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

Summary of Unaudited Quarterly Results

Three Months Ended:	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009
Revenue	\$ -	\$ -	\$ -	\$ -
General and administrative expenses	99,367	147,711	137,933	66,119
Other income (expenses)	1,930,908	171,680	307,249	(110,146)
Net income (loss) for the period	1,831,541	23,969	169,316	(176,265)
Earnings (loss) per share	0.05	-	0.01	-

Three Months Ended:	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Revenue	\$ -	\$ -	\$ -	\$ -
General and administrative expenses	92,302	326,631	215,828	151,785
Other income (expenses)	892,394	157,029	(1,587,767)	(2,795,883)
Net income (loss) for the period	800,092	(169,602)	(1,803,595)	(2,947,668)
Earnings (loss) per share	0.02	(0.01)	(0.05)	(0.09)

Results for the Quarter Ended June 30, 2010

For the three months ended June 30, 2010 the Company earned net income of \$1,831,541 compared to net income of \$23,969 for the quarter ended March 31, 2010. The increase in net income for the current quarter was primarily as a result of a cash payment of \$2,148,770 (US\$2,000,000) received from Coro pursuant to the terms of the San Jorge agreement, offset by unrealized losses on securities of \$275,600.

General and administrative expenses were \$99,367 for the quarter ended June 30, 2010 compared to \$147,711 for the quarter ended March 31, 2010. This decrease reflected overall lower corporate activity mainly in the area of investor relations (due to the timing of events) and the one-time office renovations expense incurred during the three months ended March 31, 2010 as the Company expanded its available office space.



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A total of \$457,885 was expended on the Taca Taca Property during the quarter ended June 30, 2010 (compared to \$96,927 for the quarter ended March 31, 2010) which reflected the initiation of the exploration program on the Taca Taca Project, and notably the cost of the Titan24 geophysical survey carried out.

Results for the Nine Months Ended June 30, 2010

For the nine months ended June 30, 2010 the Company earned net income of \$2,024,826 compared with a loss of \$1,173,105 for the prior year's comparative period. As noted above, net income for the current period arose primarily as a result of the cash payment received from Coro. The loss in the prior year period ended June 30, 2009 arose primarily as a result of an unrealized loss on securities of \$1,364,881 and a lower cash payment received from Coro pursuant to the San Jorge agreement of \$582,900.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Lumina's expenses and mineral property costs is provided in the consolidated statements of income (loss), comprehensive income (loss) and deficit and in Note 6 of Company's unaudited consolidated financial statements for June 30, 2010 and 2009.

Liquidity and Capital Resources

As at June 30, 2010, the Company had \$6,839,159 in cash and cash equivalents compared to \$699,875 in cash and cash equivalents and \$5,099,562 in short-term investments (combined total of \$5,799,437) at September 30, 2009. The Company had working capital of \$7,934,803 (September 30, 2009 - \$6,479,582). Working capital items at June 30, 2010, other than cash and cash equivalents, consisted of marketable securities with a fair value of \$1,103,600, receivables of \$7,760, prepaid expenses of \$341 and accounts payable and accrued liabilities of \$16,057.

The fair value of the Company's marketable securities at June 30, 2010, consisting of 6,280,000 common shares of Los Andes having a fair value of \$753,600 and 1,000,000 common shares of Coro having a fair value of \$350,000, declined by \$275,600 compared to the fair value at March 31, 2010. The timing and proceeds from the eventual sale of these shares are dependent to a large extent on stock market dynamics that are not within the control of the Company. Therefore, there is a significant amount of uncertainty as to the actual amount of cash the Company would eventually receive upon the sale of these shares. Proceeds received on the eventual sale of these shares would be determined by their respective market prices at the time of sale. Excluding the value of these shares, working capital at June 30, 2010 was \$6,831,203 (September 30, 2009 - \$5,624,382).

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

The majority of the Company's cash and its short term deposits are held at the Bank of Nova Scotia, a major chartered bank in Canada. There are no known liquidity issues associated with this bank.

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

To date, the capital requirements of Lumina (and previously, Global) have been met by equity proceeds and from the proceeds of sale of mineral property interests. The Company's continuing operations as intended are dependent on management's ability to raise required funding through future equity



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issuances, debt financing, asset sales or a combination thereof (*refer to Risks and Uncertainties below*). Management is of the opinion that the Company has sufficient working capital, even with the exclusion of its marketable securities, to meet its administrative overhead for a number of years.

MANAGEMENT OF FINANCIAL RISKS

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

Besides cash and cash equivalents, the Company holds marketable securities that are classified as held-for-trading.

Credit Risk

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments as disclosed in Note 12(c) to the unaudited consolidated financial statements at June 30, 2010. Additional risks associated with marketable securities are disclosed in Note 4 in the unaudited consolidated financial statements for the period ended June 30, 2010 and 2009.

The Company's exposure to credit risk on its Canadian and U.S. dollar cash and cash equivalents is limited by maintaining these assets with high-credit quality financial institutions. The Company may be exposed to the credit risk of South American banks which hold cash for the Company's South American operations. The Company limits its exposure to this risk by only maintaining in South American banks cash balances necessary to fund the immediate needs of its subsidiaries.

Liquidity Risk

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

At June 30, 2010, the Company's liabilities consisted of trade and other payables in the amount of \$16,057, which were due within the ensuing year. The Company's cash and cash equivalents at June 30, 2010 of \$6,839,159 were more than sufficient to pay these current liabilities.

Market Risks

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

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Generally, the Company's interest income will be reduced during sustained



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periods of lower interest rates as higher yielding cash equivalents and short-term investment mature and the proceeds are invested at lower interest rates.

Based on the Company's net exposures as at June 30, 2010, and assuming that all other variables remain constant, a 1% increase or decrease in interest rates would have resulted in an increase or decrease of approximately \$46,500 to the Company's interest income for the nine month period ended June 30, 2010.

Currency Risk

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

The Company is exposed to foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the Canadian dollar, U.S. dollar, Chilean peso and Argentine peso and the degree of volatility of these rates. The Company raises funds from equity financings primarily in Canadian dollars and pays for a significant amount of expenditures relating to the exploration activities on its mineral property interests in U.S. dollars and Argentine pesos. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. At June 30, 2010 the Company's cash and cash equivalents are primarily held in Canadian and U.S. dollars as disclosed in note 12(e) to the unaudited consolidated financial statements at June 30, 2010. The Company has estimated that a 1% fluctuation in foreign currency exchange rates compared to the Canadian dollar would have an impact of approximately \$25,000 to the results of operations based upon the foreign currency financial instruments (including cash and cash equivalents) held at June 30, 2010.

Price Risks

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

Share Capital

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

Common shares: 34,659,149
Common share purchase options: 447,500 exercisable between \$0.47 - \$1.27 per common share.

Related Party Transactions

For the nine months ended June 30, 2010, \$110,350 (2009 - \$80,612) was paid to four private companies controlled by directors and officers of the Company for management and technical consulting services. During the same period, the Company also paid \$4,105 (2009 - \$6,951) for the rental of office premises to a company related by virtue of a common director.

Outlook

On April 7, 2010, the Company announced that it was initiating an exploration program at Taca Taca, commencing in May 2010 with a deep ground penetrating geophysical survey followed by a diamond drilling program. With the geophysical survey complete, a first phase drill program has begun that will evaluate the deep targets generated from the geophysical survey and potential northern extensions of the existing mineral resource. The first phase of the program is expected to last four to six months and will be extended and/or expanded based upon results.

At San Jorge, Coro is awaiting the Mendoza government's approval of its previously filed Environmental Impact Study. In July 2010, Coro announced that it had been notified by the Mendoza government that the Public Hearing on the project would be held on October 20, 2010. The Public Hearing is the final step in the review process prior to the Environmental Impact Study being submitted to the provincial government for approval. Once approved, Coro intends to complete a bankable feasibility study on the project and thereafter, dependent upon the results of the study, begin construction of a mine.

Critical Accounting Policies and Management's Estimates

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

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

Going Concern

The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity or debt financing or to sell its assets or the attainment of profitable operations to meet the Company's liabilities as they become payable. Management is required to assess the Company's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, these uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. Management has completed this assessment and concluded it is appropriate that the unaudited consolidated financial statements at June 30, 2010, are prepared on a going concern basis.

Mineral property costs

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

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

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

Financial Instruments

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

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

Future accounting policy changes

Business Combinations (Section 1582)

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

Consolidated Financial Statements (Section 1601) and Non-Controlling 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 has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board confirmed that the use of IFRS will be required in 2011 for public companies in Canada (i.e., IFRS will replace Canadian GAAP for public companies). The official changeover date will apply for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Lumina will be required to prepare its financial statements in accordance with IFRS commencing with its interim consolidated financial statements for the three-month period ending December 31, 2011 with the restatement for comparative purposes of amounts reported by the Company for its interim consolidated financial statements financial statements for the three-month period ending December 31, 2010. IFRS requires that in the year of implementation the comparative financial statements be restated to conform to the standards in place at the end of the year of adoption i.e. IFRS in place at September 30, 2012.

The Company has begun assessing the adoption of IFRS for fiscal 2012 and will implement a comprehensive program to manage the transition to IFRS. The program will focus on the key areas impacted by IFRS, including financial reporting, systems and processes, communications and staff training. The transition process will consist, in broad terms, of three primary phases:

- (i) **Scoping and Diagnostic Phase:** A preliminary diagnostic review has been completed by the Company, which included the determination, at a high level, of the financial reporting areas (determined by reference to applicable IFRS Standards) most likely to be impacted by IFRS.
- (ii) **Impact analysis, evaluation and design phase:** In this phase, each area identified during the scoping phase is addressed to determine more specific changes required to existing accounting policies and identify new accounting policies under IFRS. This phase includes analysis and conclusion on the accounting choices available under IFRS.
- (iii) **Implementation and review phase:** This phase will include execution of any changes to business processes and completion of formal documents analyzing the transition to IFRS for approval by the Board of Directors. It will also include the final production of complete IFRS-compliant financial statements for review by the audit committee.

The Company is currently in the process of evaluating the areas noted at the Diagnostic Phase so is unable to provide specific details as to the likely impact on the Company's consolidated financial statements to be prepared under IFRS. In broad terms, certain key areas of financial reporting which may be significantly affected by the adoption of IFRS as noted during the Diagnostic Phase, are discussed below:

➤ **IFRS 1, First Time Adoption of International Financial Reporting Standards**

IFRS 1 applies when a company adopts IFRS for the first time and generally requires that Lumina retrospectively apply each standard in effect as at September 30, 2012, the date of the Company's first annual IFRS financial statements, as if those standards had always applied. However, IFRS 1 provides certain optional exemptions and mandatory exceptions to

the principle of retrospective application. Lumina is currently assessing the various accounting policy choices and those determined to be most appropriate will be implemented.

At the current time, Lumina expects to apply the following optional exemption under IFRS 1: Financial instruments designated as held for trading under Canadian GAAP will be designated as at fair value through profit or loss (to the extent permitted) in order to maintain the current accounting practice of changes in fair value being reported directly in net income or loss. The Company is continuing to assess the other significant IFRS 1 exemptions that may be applied, including those as described below.

In accordance with the requirements of IFRS 1, the Company will be required to record transition adjustments where applicable against retained deficit as at October 1, 2010 for differences between Canadian GAAP and IFRS accounting.

➤ Exploration for and evaluation of mineral resources

IFRS 6, *Exploration for and Evaluation of Mineral Resources*, applies to expenditures incurred on mineral properties in the exploration and evaluation ("E&E") phase, which begins when an entity obtains the legal rights to explore a specific area and ends when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Under Canadian GAAP, the Company currently capitalizes all costs related to investments in mineral properties including mineral property acquisition costs and exploration expenditures. Under IFRS 6, the Company currently anticipates applying an accounting policy to continue the current practice of capitalizing exploration expenditures. However, the scope of IFRS 6 applies to a narrower timeframe than may be the case under Canadian GAAP such that certain differences in the amount capitalized may arise.

➤ Functional Currency

IFRS requirements for determining the functional currency of an entity are more specific than those under Canadian GAAP. Although indicators considered in the determination of functional currency are similar, IFRS provides a hierarchy for analyzing indicators in which primary factors are based on the currency that mainly influences sales prices for goods and services and labour, material and other costs of providing goods or services. This area requires significant judgment to be applied and may lead to the functional currency of the Company's subsidiaries being revised under IFRS compared to that applied under Canadian GAAP. Should the Company determine that the transition to IFRS will result in different functional currencies being used for companies within the Lumina group it is likely that the IFRS 1 exemption to deem cumulative translation adjustments to be zero at October 1, 2010 will be applied. Under current Canadian GAAP reporting Lumina does not present a currency translation adjustment as the functional currency for all Lumina group companies is the Canadian dollar.

➤ Impairment of long lived assets

The Company's long lived assets are primarily mineral property costs that have been capitalized (as discussed above under IFRS 6). Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists, and then measuring impairment by comparing the asset carrying value to its fair value (which is based on discounted cash flows). Under IFRS, a one-step approach is used being the immediate analysis of discounted cash flows to the asset carrying value. As a result, impairments may be recorded more often or

earlier under IFRS than under Canadian GAAP and there could be increased volatility in reported net income or loss especially as IFRS also allows for the reversal of impairment (which is not permitted under Canadian GAAP). Lumina will assess the carrying value of its Taca Taca Property as at October 1, 2010 for purposes of IFRS reporting and will, when reporting under IFRS, perform impairment analysis under the guidance of IAS 36, *Impairment of Assets*, and as provided for in IFRS 6 which describes certain circumstances where impairment may be present for E&E assets.

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

Risks and Uncertainties

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

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance nor are they inclusive of all the risks and uncertainties the Company may be subject to as other risks may apply.

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

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

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

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

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

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

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

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

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

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

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

The Company's exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and protected species. The Company's ability to obtain permits and approvals and to successfully operate in particular communities may be adversely impacted by real or perceived

detrimental events associated with the Company's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Company's ability to explore or develop its properties. The Company has made, and expects to make in the future, significant expenditures to comply with such laws and regulations and to the extent possible, create social and economic benefit in the surrounding communities. Future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have an adverse impact on the Company's financial condition.

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

In the ordinary course of business, the Company is required to obtain and renew governmental permits for existing operations and any ultimate development, construction and commencement of new mining operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the permitting authority. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

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

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

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

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

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

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

The mineral exploration industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical abilities than itself for the acquisition of mineral concessions, claims, leases, other mineral interests, and equipment required to

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

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

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

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

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

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

Mineral exploration involves risks which, even with a combination of experience, knowledge and careful evaluation, mineral exploration companies may not be able to overcome. Operations in which the Company has a direct or indirect interest may be subject to all the hazards and risks normally incidental to exploration of precious and non-precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company presently has very limited commercial liability insurance and does not presently intend to increase its liability

insurance. As a result of having limited insurance, the Company could incur significant costs that could have a materially adverse effect upon its financial condition and even cause the Company to cease operations. To date, the Company has not experienced any material losses due to hazards arising from its operations.

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

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

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

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

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

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

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

All of the Company's properties are located in Argentina. As the Company's business is carried on in foreign countries, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or



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purchase supplies from, a particular jurisdiction. The status of Chile and Argentina as developing countries may make it more difficult for the Company to obtain any required exploration financing for its projects.

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

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

(16) Foreign Subsidiaries

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

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

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

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

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



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

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

Additional information about the Company may be found on www.sedar.com and on the Company's website at www.luminacopper.com.