



**Management's Discussion and Analysis  
For the Year Ended September 30, 2011**

**December 13, 2011**

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**INTRODUCTION**

Lumina Copper Corp. ("Lumina" or the "Company") is a resource exploration company with a focus on the exploration, development and advancement of 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") involving Global Copper Corp. ("Global"), Teck Resources Limited and the Company. 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 year ended September 30, 2011, and to the date of this report. The MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the years ended September 30, 2011 and 2010. Consequently, the following discussion and analysis should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended September 30, 2011 and 2010.

**ADDITIONAL INFORMATION**

Additional information about the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.luminacopper.com](http://www.luminacopper.com).

The Company reports its financial information in Canadian dollars and all monetary amounts set forth herein are expressed in Canadian dollars unless specifically stated otherwise. The financial information presented in this MD&A has been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's significant accounting policies are outlined within Note 2 to the audited consolidated financial statements of the Company for the years ended September 30, 2011 and 2010. All accounting policies have been followed consistently through the current year.

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

**FORWARD-LOOKING INFORMATION**

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

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

In general, forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing

and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities at Taca Taca; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

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

## **OVERVIEW OF SIGNIFICANT EVENTS AND REVIEW OF ACTIVITIES**

In order to better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities on mineral property interests which occurred during the year ended September 30, 2011 and to the date of this MD&A.

### **Taca Taca Property**

The Company owns a 100% interest in the Taca Taca Property, located in Salta Province in north western Argentina, subject to a net smelter returns royalty of 1.5%.

#### *Overview of Exploration and Development Program*

The Company filed an updated NI 43-101 compliant technical report, as amended on January 22, 2010, entitled "Amended Taca Taca Technical Report", on the Taca Taca Property (the "Report"). The Report was authored by Robert Sim, P. Geo., a Qualified Person as defined by NI 43-101. Additional work recommended in the Report included conducting preliminary metallurgical testwork, infill drilling within the current resource to reduce the average drillhole spacing to approximately 250 metres and exploration drilling to test for extensions of the deposit.



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The Report may be obtained under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or from the Company's website at [www.luminacopper.com](http://www.luminacopper.com).

Following the results of the Report, the Company completed a technical review to determine the appropriate development route for the Taca Taca Property. This review included mine planning studies and an evaluation of the expansion potential of the existing mineral resource estimate. The results of the review showed that potential additional value might 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 the review included a recommendation that an exploration program be conducted to evaluate these areas.

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

In February 2011, following completion of a private placement financing (for gross proceeds of \$15,450,000) the exploration and development program on the Taca Taca Property was expanded to include:

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

In August 2011, based upon drill results to that date, the exploration program was expanded from 43,000 metres to a planned total of 87,000 metres (which in turn was amended, subsequent to the Company's year end, in October 2011, to a revised total of 99,500 metres). Current expectations are that the expanded exploration and development program will be completed around April 2012, subject to possible further expansion as described in the "Outlook" section of this MD&A.

On December 8, 2011, 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. These funds will be used to fund the Company's ongoing mineral exploration program and for general corporate purposes.

The Company announced the results of 49 holes drilled between January and early November 2011, as part of the drilling program on the Taca Taca Property. The results from these 49 holes, in conjunction with the results from previous drilling campaigns conducted by BHP Billiton, Corriente Resources and Rio Tinto, formed the basis of an updated, interim NI 43-101 mineral resource estimate announced in a news release dated November 15, 2011, entitled "Lumina reports updated, interim mineral resource estimate for Taca Taca copper-gold-molybdenum project, Argentina – Significant increase in mineral resources" (see below for further details).

The drill program is focused on defining a higher grade zone within the known NI 43-101 compliant mineral resource estimate as well as expanding known mineralization to the northeast, south and at depth. To December 6, 2011, 78 core holes totalling 43,171 metres and 58 reverse circulation holes totalling 10,902 metres have been completed. 6 drill rigs are currently operating on the project (5 core and 1 reverse circulation). Two additional core drills are expected to arrive at Taca Taca by the end of the calendar year. The RC rigs are being used to pre-collar core holes to expedite the program and receipt of exploration results. RC drilling will also be used in exploring and delineating the gold and copper zones known to exist in the leached cap of the Taca Taca porphyry system.

In January and September 2011, the Company announced results from its metallurgical testing program which indicate that a high grade copper concentrate and a saleable molybdenum concentrate can be produced from both supergene and primary mineralized material. The initial test work, completed at C.H. Plenge & CIA. S.A. in Lima, Peru ("Plenge"), was conducted on two composite samples each comprising approximately 60 kilograms of core material from three drill holes in the supergene and primary mineralized zones. The locked cycle flotation test was completed at a coarse grind of 80% passing 150 microns and regrind of 22 and 18 microns for the

supergene and primary composites respectively and recovered approximately 85% copper on both composites. Molybdenum recovery was approximately 44% for the supergene and 52% for the primary composites. The molybdenum separation test was completed using an open circuit. The scope of the testing did not include optimizing gold or molybdenum recoveries or concentrate grades. In addition, the test work showed that arsenic levels in the copper concentrates produced from the supergene and primary samples were low at 0.023% arsenic and 0.027% arsenic, respectively.

Additional metallurgical testing was performed on two composite samples, each comprising approximately 80 kilograms of core material from 3 drill holes in the supergene and primary mineralized zones, to optimize metal recoveries from both supergene and primary mineralization to a bulk copper/molybdenum concentrate. The results of this test work, which was also performed by Plenge, showed that both gold and molybdenum recoveries have increased significantly while copper recoveries have also improved when compared to the results of the initial test work (above). The results from the optimization testing program and comparisons to the initial test work are shown in the table below:

	<b>Cu Head Grade (%)</b>	<b>Mo Head Grade (%)</b>	<b>Au Head Grade (g/t)</b>	<b>Cu Recovery (%)</b>	<b>Mo Recovery (%)</b>	<b>Au Recovery (%)</b>
<b>Supergene<sup>(1)</sup></b>						
Initial testing	0.60	0.021	0.11	85.2	59.3	37.4
Optimization	0.75	0.033	0.08	89.9	72.2	60.8
<b>Primary</b>						
Initial testing	0.43	0.020	0.10	85.1	62.5	38.6
Optimization	0.45	0.028	0.16	92.8	84.0	62.4

<sup>(1)</sup> The comparative recoveries shown in the table above are based upon recoveries to a bulk copper/molybdenum concentrate and are not directly comparative to those recoveries per the initial test work as those results highlighted recoveries to both final copper and molybdenum concentrates. Generally, higher recoveries to a bulk concentrate will correlate to higher recoveries to final copper and molybdenum concentrates. The higher molybdenum recoveries may be attributable to both higher head grades as well as recovery optimization.

The metallurgical testing program is now focused on further lock cycle tests on a larger representative sample of the mineral resource, crushing and grinding test work for mill design and sizing, and testing of leached cap material to determine gold and copper leaching characteristics and recovery.

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

*Updated, Interim Mineral Resource Estimate*

On November 15, 2011, the Company announced that it had received an updated mineral resource estimate on the Taca Taca Property. The estimate significantly increases the known sulphide copper, gold and molybdenum mineral resources and includes an initial estimate of the oxide gold resources contained in the leached cap.

The salient details of the updated NI 43-101 mineral resource estimate are as follows:

**Sulphide Resources (0.4% copper equivalent cutoff<sup>(1)</sup>):**

- 516 million tonnes grading 0.58% copper, 0.12g/t gold and 0.018% molybdenum (0.76% copper equivalent) in the indicated mineral resource category containing 6.6 billion pounds of copper, 2.1 million ounces of gold and 204.6 million pounds of molybdenum. Previously there were no indicated mineral resources defined;
- 880 million tonnes grading 0.43% copper, 0.08g/t gold and 0.015% molybdenum (0.57% copper equivalent) in the inferred mineral resource category containing 8.3 billion pounds of copper, 2.3 million ounces of gold and 292.9 million pounds of molybdenum. The previous NI 43-101 compliant mineral resource estimate contained 841 million tonnes grading 0.47% copper, 0.11g/t gold and 0.018% molybdenum.



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Oxide Resources (0.2g/t gold cutoff):

- 190 million tonnes grading 0.25g/t gold in the inferred mineral resource category containing 1.5 million ounces of gold.

Within the sulphide mineral resource estimate, a shallower, higher grade supergene zone has been defined in the northern part of the deposit. The Company plans further work to investigate whether this high grade zone could form the basis of a "starter pit" for the project. This high grade zone, which remains open to the northeast and east, is defined as follows:

- 159 million tonnes grading 0.82% copper, 0.14g/t gold and 0.017% molybdenum (1.00% copper equivalent in the indicated mineral resource category (0.5% copper equivalent cutoff)).

[<sup>(1)</sup> Copper equivalent calculated using US\$2.00/lb copper, US\$800/oz gold and US\$12.00/lb molybdenum and is not adjusted for metallurgical recoveries as these remain uncertain. The formula used is as follows: Copper Equivalent = Copper% + (Gold g/t x 0.583) + (Molybdenum% x 6). The previous mineral resource estimate used \$1.50/lb copper, US\$600/oz gold and US\$6.00/lb molybdenum. While higher metal prices have been used in the new mineral resource calculation, the ratio between the metal prices in calculating copper equivalency is the same as the previous mineral resource estimate.]

The updated mineral resource estimate remains open to the north, northwest, east, south, southeast and to depth.

Robert Sim, P.Geo., a Qualified Person as defined by NI 43-101, is responsible for the mineral resource estimate included in this MD&A and has reviewed and approved the contents of this MD&A as they relate to the mineral resource estimate.

### **Corporate Reorganization**

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

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

Pursuant to the Lumina Arrangement, shareholders of the Company 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 the Company held at the Effective Time.

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



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**SELECTED ANNUAL FINANCIAL INFORMATION**

The following summary financial information has been derived from the financial statements of the Company, which have been prepared in accordance with Canadian GAAP.

	<b>Year Ended September 30, 2011</b>	<b>Year Ended September 30, 2010</b>	<b>Year Ended September 30, 2009</b>
<b>Consolidated Statements of income (loss)</b>			
Revenue	\$ -	\$ -	\$ -
General & administrative expenses	2,025,594	926,242	700,880
Other income (expenses)	4,775,030	3,167,217	(648,490)
Income tax recovery	295,000	-	-
Net income (loss) for the year	3,044,436	2,240,975	(1,349,370)
Basic and diluted income (loss) per share	0.08	0.06	(0.04)
<b>Consolidated Balance Sheets</b>			
Cash and cash equivalents	9,517,110	5,920,622	5,799,437
Marketable securities	-	1,911,600	855,200
Mineral property	19,496,161	5,491,771	3,942,617
Total assets	29,477,434	13,355,000	10,632,422
Total liabilities	3,672,197	188,373	191,176
Shareholders' equity:			
Share capital	15,021,768	44,737	1
Contributed surplus	11,202,199	16,585,056	16,145,386
Deficit	\$ (418,730)	\$ (3,463,166)	\$ (5,704,141)

**REVIEW OF FINANCIAL RESULTS – YEAR ENDED SEPTEMBER 30, 2011**

This review of the results of operations should be read in conjunction with the audited consolidated financial statements of the Company for the years ended September 30, 2011 and 2010 along with other public disclosure documents of the Company.

For the year ended September 30, 2011 (fiscal 2011) the Company reported net income of \$3,044,436 compared to net income of \$2,240,975 for the year ended September 30, 2010 (fiscal 2010). The net income in fiscal 2011 arose primarily as a result of a gain on disposition of the San Jorge property of \$3,781,940 (2010 - \$2,148,770) and a gain on marketable securities of \$966,400 (2010 - \$1,056,370), offset by general and administrative expenses of \$2,025,594 (2010 - \$926,242).

The Company's results of operations include the accounts of LRC and LRC's subsidiary, Minera Global Copper Chile S.A. the shares of which were transferred to LRC in connection with the Lumina Arrangement, up to the period ended June 16, 2011 when these companies ceased to be wholly-owned subsidiaries of Lumina following completion of the Lumina Arrangement.

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

**General and Administrative Expenses**

General and administrative ("G&A") expenses during for the year ended September 30, 2011 were \$2,025,594 compared to \$926,242 for the year ended September 30, 2010. Excluding non-cash expenses for stock-based compensation (2011 - \$486,505; 2010 - \$447,195) and amortization (2011 - \$3,672; 2010 - \$5,253) the G&A expenses for the year ended September 30, 2011 were \$1,535,417 compared to \$473,794 for the year ended September 30, 2010.

The overall increase in G&A (cash) expenditures during the period arose primarily as a result of legal and accounting fees related to the corporate reorganization of Lumina as described above under "Corporate Reorganization". Legal and accounting fees increased by \$829,807 compared to fiscal 2010.



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In addition, there were also increased expenditures relating to management services (\$197,436 higher than fiscal 2010, excluding the impact of stock-based compensation) and investor relations (\$71,146 higher in fiscal 2011). These categories increased as a result of the expanded activities on the Company during the year resulting in additional management time and also an increased number of investor relations trips and meetings to liaise with investors.

Stock-based compensation expense (which is included in "management and administrative services" expenses in the consolidated statements of income) was \$486,505 for the year ended September 30, 2011 (compared to \$447,195 for fiscal 2010). This expense fluctuates from period to period depending on the timing of stock option grants and the vesting period thereof. The stock-based compensation value was calculated using the Black-Scholes valuation model (see Note 9 to the audited consolidated financial statements for the year ended September 30, 2011 for additional details on the assumptions used to value the stock options granted during fiscal 2011 and 2010).

### Other Income (Expenses)

*Gain on disposition of mineral property:* The Company reported income of \$3,781,940 for the year ended September 30, 2011 relating to a cash payment of US\$4,000,000 received from Coro which related to the payment due from Coro with regard to its acquisition of the San Jorge project. Further details can be obtained in Note 7(a) to the audited consolidated financial statements at September 30, 2011. The amount reported in the year ended September 30, 2010 was \$2,148,770 (US\$2,000,000). These payments were received from Coro in accordance with the agreement in place between the two companies. Future payments (if any) will now be received by LRC following the transfer of the interest in the San Jorge project to LRC under the terms of the Lumina Arrangement.

*Gain on marketable securities:* Lumina recorded a gain on its marketable securities of \$966,400 for the year ended September 30, 2011 compared to a gain of \$1,056,370 in the year ended September 30, 2010. The gains arose as a result of changes in quoted market prices for the securities held by the Company as at, and during, the reporting period compared to the prior year. The Company's marketable securities were transferred to LRC under the terms of the Lumina Arrangement and its related pre-Arrangement transaction steps (at their book value as at the transfer date). Reported gains reflect the change in market value during the reporting period until June 16, 2011, which is the day the Lumina Arrangement was finalized.

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

*Foreign exchange loss:* The Company incurred a foreign exchange loss of \$65,001 for the year ended September 30, 2011 (2010 – loss of \$77,349). The Company conducts its business using several currencies (Canadian dollar, U.S. dollar, Chilean peso and Argentinean peso) while the functional currency and financial statements of Lumina and its subsidiaries are Canadian dollars. Accordingly, fluctuations in currency exchange rates impact recorded income/loss in the Company's consolidated financial statements. A summary of the Company's foreign currency exposure at September 30, 2011 can be reviewed at Note 14(e) of the audited consolidated financial statements for the year ended September 30, 2011.

*Income taxes:* The Company recorded an income tax recovery of \$295,000 for the year ended September 30, 2011 which represents the Company's utilization of future income tax assets (such as non-capital loss carry-forwards) that were fully provided for in prior years to reduce the taxes payable arising from the transfer of assets to LRC pursuant to the Lumina Arrangement. Taxes payable arising from the Lumina Arrangement in the amount of approximately \$1,546,000 were recorded in contributed surplus on the Company's balance sheet – see Note 10 to the audited consolidated financial statements for the year ended September 30, 2011.

*Interest and other income:* Lumina recorded interest and other income of \$91,691 during the year ended September 30, 2011 compared to income of \$39,426 in fiscal 2010. The increase in interest income is primarily as a result increased cash and cash equivalents during the year (following completion of a private placement financing in February 2011). In addition, available interest rates increased in fiscal 2011 (i.e., the generally available interest rate in fiscal 2011 was approximately 1.20% compared to 0.64% in fiscal 2010).



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**Mineral Property**

The Company capitalizes costs incurred in connection with the acquisition and exploration of its mineral property interests. At September 30, 2011, the carrying value of the Taca Taca Property was \$19,496,161 (2010 - \$5,491,771). During the year, the Company incurred expenditures of \$14,004,390 on the Taca Taca Property which reflected the costs of the current drill program. A breakdown of significant cost areas can be reviewed in Note 6 to the audited consolidated financial statements for the year ended September 30, 2011.

**Related Party Transactions**

For the year ended September 30, 2011, \$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 (2010 - \$ Nil) was included in accrued liabilities relating to these services.

The Company also 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 expenditure 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).

**SUMMARY OF QUARTERLY RESULTS (UNAUDITED) AND FOURTH QUARTER**

The information provided below highlights the Company's unaudited quarterly results for the past eight quarters. The financial information referenced below has been prepared in accordance with Canadian GAAP.

<b>Three Months Ended:</b>	<b>September 30, 2011</b>	<b>June 30, 2011</b>	<b>March 31, 2011</b>	<b>December 31, 2010</b>
Revenue	\$ -	\$ -	\$ -	\$ -
G&A expenses	438,230	858,809	488,846	239,709
Other income (expenses)	30,709	2,996,021	(397,185)	2,145,485
Income tax recovery	295,000	-	-	-
Net (loss) income	(112,521)	2,137,212	(886,031)	\$ 1,905,776
(Loss) earnings per share – basic and diluted	(0.00)	0.055	(0.025)	\$ 0.05

<b>Three Months Ended:</b>	<b>September 30, 2010</b>	<b>June 30, 2010</b>	<b>March 31, 2010</b>	<b>December 31, 2009</b>
Revenue	\$ -	\$ -	\$ -	\$ -
G&A expenses	541,231	99,367	147,711	137,933
Other income	757,380	1,930,908	171,680	307,249
Net income	\$ 216,149	\$ 1,831,541	\$ 23,969	\$ 169,316
Earnings per share – basic and diluted	\$ 0.005	\$ 0.05	\$ -	\$ 0.005

The Company is currently performing exploration and development activities on its mineral property and is not producing revenues. The operations of the Company are not necessarily consistent from period to period as expenditures are determined by reference to active programs at any particular time (such as the currently initiated exploration program at the Taca Taca Property) and expenses will fluctuate as activities are either increased or curtailed depending on particular facts, circumstances and timing. The quarterly results of the Company are often impacted by "one-time" reporting events such as the receipt of proceeds from Coro relating to the San Jorge Project (included in other income for the quarters ended June 30, 2011 and 2010 as presented above) or fluctuations in the fair value of marketable securities (up to June 16, 2011). Accordingly, it is not necessarily appropriate to compare one quarter to that immediately preceding it or to the prior period equivalent as activities and costs will not be based on consistent activities.



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For the three months ended September 30, 2011 (the "Fourth Quarter") the Company realized a net loss of \$112,521. The net loss for the Fourth Quarter was primarily due to the Company's G&A expenses which relate to the operations of the corporate office in Canada. These expenses decreased from the quarter ended June 30, 2011, following completion of the Lumina Arrangement and the corresponding decrease in professional advisor fees.

Expenditures totalling \$7,201,171 were incurred on the Taca Taca Property during the Fourth Quarter which represent the drilling program (and related support costs) and also metallurgical studies on the project.

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning Lumina's expenses and mineral property costs is provided in the consolidated statements of income, comprehensive income and deficit and in Note 6 of the Company's audited consolidated financial statements for the years ended September 30, 2011 and 2010.

**LIQUIDITY AND CAPITAL RESOURCES**

As at September 30, 2011, the Company had \$9,517,110 in cash and cash equivalents compared to \$5,920,622 at September 30, 2010. The Company's working capital at September 30, 2011 was \$6,059,161 (2010 - \$7,661,092). Working capital items, other than cash and cash equivalents, consisted of receivables of \$151,445 (2010 - \$12,948), prepaid expenses of \$32,611 (2010 - \$4,295) and accounts payable and accrued liabilities of \$2,421,197 (2010 - \$188,373) and income taxes payable of \$1,251,000 (2010 - \$Nil).

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

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

The Company has no long-term debt obligations or off-balance sheet arrangements. The Company has entered into agreements for the rental of office space and a warehouse that are disclosed under "Commitments" below.

To date, the capital requirements of Lumina have been met by equity proceeds and from the proceeds of sale of mineral property interests. The Company's continuing operations as intended are dependent on management's ability to raise required funding through future equity issuances, debt financing, asset sales or a combination thereof (refer to Risks and Uncertainties below).

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

Management of the Company has re-evaluated the exploration program resulting in a significant increase to the scope of the activities being undertaken by the Company – see the "Overview of Significant Events and Review of Activities" and "Outlook" sections to this MD&A. The ability to perform the additional exploration procedures required that the Company seek additional financing.

On December 8, 2011, the Company completed a \$30 million financing by issuing 3 million common shares at \$10 per share. The financing consisted of a \$15 million non-brokered transaction and a \$15 million brokered 'bought-deal' financing through a syndicate led by Raymond James. A 5% finder's fee was due on the brokered financing and a portion of the non-brokered financing. The proceeds from the financing will be used to fund the Company's ongoing exploration program as described under "Outlook" below, and for general corporate purposes.

The ability to raise additional finance, for future activities beyond those contemplated by the afore-mentioned financing activity, may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the



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control of the Company, such as uncertainty in the capital markets or depressed commodity prices. This is discussed in more detail in the Risks and Uncertainties section of this MD&A.

**Commitments**

As disclosed in Note 17 to the audited consolidated financial statements for the year ended September 30, 2011, 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

The Company considers that these commitments will be paid for with future capital funds available to the Company, as described above.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, marketable securities (to June 16, 2011), receivables and accounts payable and accrued liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their carrying values due to their short term maturity.

The Company's accounting policies for financial instruments are disclosed at Note 2(i) in the audited consolidated financial statements for the year ended September 30, 2011 and 2010 which also include disclosure of the Company's capital management (Note 12) and financial instrument categories, measurements and risks (Note 14).

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

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

**Credit Risk**

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

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



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**Liquidity Risk**

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

At September 30, 2011, the Company's liabilities consisted of current trade and other payables of \$2,421,197 (2010 - \$188,373) and income taxes payable of \$1,251,000 (2010 - \$Nil). The Company's cash and cash equivalents at September 30, 2011 of \$9,517,110 (2010 - \$5,920,622) were more than sufficient to pay these current liabilities.

**Market Risks**

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

***Interest Rate Risk***

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

Included in net income for the 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 (September 30, 2010 - \$59,000) on an annual basis.

***Currency Risk***

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

The Company is exposed to foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the Canadian dollar, U.S. dollar, Chilean peso and Argentinean peso and the degree of volatility of these rates. The Company raises funds from equity financings primarily in Canadian dollars and pays for a significant amount of expenditures relating to the exploration activities on its mineral property interests in U.S. dollars and Argentinean pesos. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. At September 30, 2011 the Company's cash and cash equivalents were primarily held in Canadian and U.S. dollars as disclosed in note 14(e) to the audited consolidated financial statements at September 30, 2011. The Company estimates that a 1% fluctuation in foreign currency exchange rates compared to the Canadian dollar would have an impact of approximately \$14,000 (September 30, 2010 - \$14,500) to the results of operations based upon the foreign currency financial instruments (including cash and cash equivalents) held at September 30, 2011.

***Price Risk***

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

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



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**SHARE CAPITAL**

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

Common shares: 40,684,149  
Common share purchase options: 2,450,000, exercisable between \$0.42 - \$10.37 per option.

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

**OUTLOOK**

The Company has expanded the drill program at Taca Taca to a planned total of 99,500 metres. It is expected that a total of nine drill rigs will be operational on the project from January 2012 and that the program will be completed in April 2012 but will be extended or expanded further should additional mineralization outside the scope of the current program be identified. Initial engineering and metallurgical testing programs will continue for the remainder of the year and will include mine planning, pit slope analysis, hydrogeological studies, process engineering and design as well as infrastructure and tailing site locations and layouts, power, water supply and transportation studies.

**FUTURE ACCOUNTING POLICY CHANGES**

*Business Combinations (Section 1582)*

CICA Handbook Section 1582 was issued in January 2009 to replace Section 1581, "Business Combinations." Section 1582 establishes standards for accounting for business combinations and will apply prospectively to business combinations for acquisitions completed on or after January 1, 2011. The Company is not evaluating the impact, if any, that this standard will have on its consolidated financial statements as the Company is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") for all fiscal periods beginning on or after January 1, 2011.

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

CICA handbook Sections 1601 and 1602 were issued in January 2009 and will replace Section 1600, "Consolidated Financial Statements," effective for fiscal years beginning on or after January 1, 2011. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interests in consolidated financial statements. The Company is not evaluating the impact, if any, that this standard will have on its consolidated financial statements as the Company is required to prepare its consolidated financial statements in accordance with IFRS for all fiscal periods beginning on or after January 1, 2011.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")**

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

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

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

The Company has completed the scoping and diagnostic stage, the impact analysis, evaluation and design phase and the implementation and review phase (subject to minor ongoing refinement prior to production of IFRS-compliant financial statements for public issuance). The following table summarizes the key elements of the Company's plan for transitioning to IFRS.

<b>Key Activities</b>	<b>Milestones</b>	<b>Status</b>
Accounting policies and procedures <ul style="list-style-type: none"> <li>• Identify differences between IFRS and the Company's existing Canadian GAAP accounting policies.</li> <li>• Analyze and select ongoing accounting policies where alternatives are permitted.</li> <li>• Analyze and determine which IFRS 1 exemptions will be taken on transition to IFRS.</li> </ul>	<ul style="list-style-type: none"> <li>• Senior management approval and audit committee review of policy decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• The Company has identified potentially significant areas of accounting difference between IFRS and Canadian GAAP which require amended accounting policies to be evaluated and documented. This documentation has been completed and was presented to the audit committee (for approval) in October 2011.</li> <li>• The Company has completed its review of IFRS 1 and the optional exemptions that will be applied on transition to IFRS.</li> </ul>

Key Activities	Milestones	Status
<p>Financial statement preparation</p> <ul style="list-style-type: none"> <li>• Prepare financial statements and note disclosures in compliance with IFRS.</li> <li>• Quantify the effects of converting to IFRS.</li> <li>• Prepare first-time adoption reconciliations required under IFRS 1.</li> </ul>	<ul style="list-style-type: none"> <li>• Pro forma financial statements to be prepared under IFRS format, with IFRS accounting policies and transition date reconciliations.</li> <li>• Senior management approval and audit committee review of pro forma financial statements and disclosures.</li> </ul>	<ul style="list-style-type: none"> <li>• Pro forma IFRS format annual financial statements and related notes thereto have been drafted by management and reviewed by the audit committee. It is expected that there will only be minor modifications to the pro forma financial statements when the final documents are prepared for public release.</li> </ul>
<p>Training</p> <ul style="list-style-type: none"> <li>• Lumina is a relatively small company with limited active operations and staff resource. Consideration is to be given to the level of expertise required for: <ul style="list-style-type: none"> <li>- Employees in general; and</li> <li>- Senior management and the board of directors (and especially the audit committee).</li> </ul> </li> </ul> <p>In order to manage and assess the IFRS conversion process the Company considers that the following personnel must possess sufficient understanding of IFRS as early as possible:</p> <ul style="list-style-type: none"> <li>- CFO (and other accounting staff);</li> <li>- CEO; and</li> <li>- Members of the audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Training for personnel involved in IFRS conversion process to be provided in appropriate detail and on a timely basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Key accounting staff have been provided access to external training courses dealing with IFRS accounting topics and implementation issues. Outside assistance has also been used to ensure that staff receive appropriate guidance and assistance during the learning period.</li> <li>• The CEO and audit committee members have been updated through review of the internal documentation pertaining to the IFRS conversion and decisions made re new accounting policies that were presented to them during the course of the IFRS project. Discussions have also been held with the CFO to clarify accounting matters included within the IFRS documentation.</li> </ul>
<p>Business activities</p> <ul style="list-style-type: none"> <li>• At the current time, the Company has no active (income generating) business activities as it focuses on the exploration drill program at the Taca Taca Project.</li> </ul>	<ul style="list-style-type: none"> <li>• Generally not applicable as impact of IFRS on business contracts and activities is anticipated to be minimal given the current status of the Company.</li> <li>• Should the business transition to active operations, the Company will seek to adopt accounting policies that comply with IFRS for such business activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Lumina will continue to monitor its business activities to determine whether there are changes that will require review under the IFRS conversion process.</li> </ul>

Key Activities	Milestones	Status
<p>IT Systems</p> <ul style="list-style-type: none"> <li>The Company will be required to ensure that its accounting system can capture data that facilitates and enables reporting under IFRS (i.e. information gathered and reported in fiscal 2011 under Canadian GAAP will be presented under IFRS in the fiscal 2012 financial statement comparative numbers.</li> </ul>	<ul style="list-style-type: none"> <li>The Company will have to ensure data collected in fiscal 2011 and later can be used for both Canadian GAAP and IFRS reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Management's review of IFRS has determined that there are no material changes required to IT systems and that differences on transition will be dealt with through reconciliations in excel which will then be posted to the accounting system as appropriate.</li> <li>The Company utilizes excel to compile and summarize data from the accounting system. Where necessary, new spreadsheets have been designed to summarize information that is newly required under IFRS but which is generally available to the Company and does not represent data that is not captured in the accounting system (i.e. IFRS disclosure of key management remuneration in the financial statements which the Company has provided under Canadian reporting requirements in its Information Circular document).</li> </ul>
<p>Control environment</p> <ul style="list-style-type: none"> <li>Changes to accounting policies and information collection requirements will be assessed by the Company to determine that its internal controls are able to report effectively in the Company's public filings.</li> </ul>	<ul style="list-style-type: none"> <li>The Company will seek to ensure that appropriate and timely data is collected and prepared internally to meet its ongoing public reporting requirements.</li> </ul>	<ul style="list-style-type: none"> <li>The Company does not anticipate any significant changes to its present system of internal controls with regard to accumulating and recording financial data and preparing its public filings. The financial reporting process in place at the Company will to remain in place following the conversion to IFRS with the current practices continuing to apply.</li> </ul>

*First-Time Adoption of IFRS*

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

*Expected Areas of Significance*

The Company's IFRS conversion process has identified the following key areas of financial reporting which may be significantly affected by the adoption of IFRS:

<b>Accounting Policy Area</b>	<b>Description of Impact of Policy Adoption</b>
Presentation and Disclosure	IFRS requires significantly more (prescriptive) disclosure than Canadian GAAP for certain standards, such as related party transactions with key management personnel. The increased disclosure requirements have caused the Company to enhance some financial reporting processes to ensure the appropriate data is collected.
Mineral property interests	<p>Under IFRS mineral property interests will be described as "exploration and evaluation assets" and will be treated as intangible assets.</p> <p>Under Canadian GAAP the Company currently capitalizes all costs related to investments in mineral properties including acquisition costs and exploration expenditures. Under IFRS the Company anticipates applying an accounting policy to continue the current practice of capitalizing exploration expenditures. However, the scope of IFRS applies to a narrower timeframe than may be the case under Canadian GAAP such that there may be differences in amounts capitalized.</p>
Impairment testing of non-financial assets	<p>IFRS requires the assessment of asset impairment to be based on discounted cash flows while Canadian GAAP only requires discounting if the carrying value of assets exceeds the undiscounted cash flows.</p> <p>IFRS also requires the reversal of any previous asset impairments, excluding goodwill, where circumstances have changed. Canadian GAAP prohibits the reversal of impairment losses.</p> <p>Under Canadian GAAP, the Company has determined that there were no indicators of impairment at September 30, 2011 and 2010, and similarly, no IFRS impairment indicators at October 1, 2010. However, should there be future indicators of impairment, the IFRS methodology may result in earlier asset impairments being recorded.</p>

Accounting Policy Area	Description of Impact of Policy Adoption
Functional currency	<p>IFRS requirements for determining the functional currency of an entity are more specific than those under Canadian GAAP.</p> <p>Although the indicators considered in the determination of functional currency are similar, IFRS provides a hierarchy for analyzing indicators in which primary factors are based on the currency that mainly influences sales prices for goods and services and labour, materials and other costs of providing goods or services. This area requires significant judgment to be applied. Management's analysis concluded that the functional currency for all entities within the consolidated corporate structure is the Canadian dollar (consistent with the current Canadian GAAP accounting).</p>

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. The standard-setting bodies of Canadian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and these changes may have a material impact on the Company's financial statements. As a result, the final impact on the Company's financial statements will only be measurable once all of the applicable IFRS standards at the final changeover are known (which is an ongoing process).

#### RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

- environmental legislation and protection;
- management and use of toxic substances and explosives;
- management of natural resources;
- exploration, development of mines, production and post-closure reclamation;
- exports;
- price controls;
- taxation;
- mining royalties;
- onerous development criteria;
- restrictions on the movement of capital into and out of Argentina which could impact the Company's ability to repatriate funds and therefore, pay dividends;
- labour standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

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

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

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

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

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

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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.

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(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.

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

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

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

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

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

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

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

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



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For the Year Ended September 30, 2011**

**December 13, 2011**

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*(16) The Company's foreign subsidiary operations may impact the ability to fund operations efficiently and may impact the Company's valuation and stock price*

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

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

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

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

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

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

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