

Celeste Copper Corporation
(a development stage corporation)
Interim Consolidated Financial Statements

For the three and nine months ended
August 31, 2011 and 2010

(Unaudited – Prepared by Management)

Contents

Interim Consolidated Financial Statements

Interim Consolidated Balance Sheets	2
Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit	3
Interim Consolidated Statements of Cash Flows	4
Notes to Interim Consolidated Financial Statements	5 - 15

Notice of No Auditor Review of Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited interim consolidated financial statements as at and for the three and nine months ended August 31, 2011 and 2010.

Celeste Copper Corporation
(a development stage corporation)
Interim Consolidated Balance Sheets
(unaudited)

	August 31 2011	November 30 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 155,420	\$ 26,073
Accounts receivable	60,095	31,626
Prepaid expenses	14,442	3,737
	229,957	61,436
Mineral properties <i>(Note 5)</i>	1,073,574	1,009,992
	\$ 1,303,531	\$ 1,071,428
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 68,515	\$ 353,966
Convertible debenture <i>(Note 6)</i>	–	33,570
	68,515	387,536
Future income tax	51,427	51,427
	119,942	438,963
Shareholders' Equity		
Equity instruments <i>(Note 7)</i>	4,767,478	3,659,140
Equity component of convertible debenture <i>(Note 6)</i>	–	1,550
Contributed surplus <i>(Note 8)</i>	1,105,538	842,175
Deficit	(4,689,427)	(3,870,400)
	1,183,589	632,465
Nature of operations and going concern <i>(Note 1)</i>		
Commitment <i>(Note 12)</i>		
Subsequent events <i>(Note 13)</i>		
	\$ 1,303,531	\$ 1,071,428

Celeste Copper Corporation
(a development stage corporation)
Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit
(unaudited)

	Three months ended August 31		Nine months ended August 31	
	2011	2010	2011	2010
Expenses				
General and administrative	\$ 104,256	\$ 11,534	\$ 293,134	\$ 168,644
Business development and project evaluation	183,694	–	258,624	–
Exploration (Note 5)	–	8,726	–	43,258
Stock-based compensation (Note 7(d))	3,356	–	263,363	4,200
Foreign exchange loss (gain)	393	(6,702)	3,114	(7,707)
Interest and accretion (Note 6)	–	–	792	–
	291,699	13,558	819,027	208,395
Net loss and comprehensive loss	(291,699)	(13,558)	(819,027)	(208,395)
Deficit, beginning of period	(4,397,728)	(1,151,682)	(3,870,400)	(956,845)
Deficit, end of period	\$ (4,689,427)	\$ (1,165,240)	\$ (4,689,427)	\$ (1,165,240)
Net loss per share				
Basic and diluted (Note 7(f))	\$ (0.01)	\$ –	\$ (0.02)	\$ (0.01)

Celeste Copper Corporation
(a development stage corporation)
Interim Consolidated Statements of Cash Flows
(unaudited)

	Three months ended August 31		Nine months ended August 31	
	2011	2010	2011	2010
Cash provided by (used in):				
Operating activities:				
Net loss for the period	\$ (291,699)	\$ (13,558)	\$ (819,027)	\$ (208,395)
Items not involving cash				
Stock-based compensation	3,356	–	263,363	4,200
Effect of foreign exchange on cash	632	(6,702)	20	(4,247)
Interest and accretion	–	–	(120)	–
	(287,711)	(20,260)	(555,764)	(208,442)
Change in non-cash working capital (Note 9)	5,969	1,794	(133,492)	(22,197)
	(281,742)	(18,466)	(689,256)	(230,639)
Financing activities:				
Issuance of share capital, net of costs	–	–	1,073,338	–
Peak Ridge option payments	–	–	–	250,000
	–	–	1,073,338	250,000
Investing activities:				
Mineral property expenditures	(92,923)	–	(261,123)	(71,124)
Change in non-cash working capital (Note 9)	19,889	–	6,408	(253,652)
	(73,034)	–	(254,715)	(324,776)
Decrease in cash	(354,776)	(18,466)	129,367	(305,415)
Effect of foreign exchange on cash	(632)	6,702	(20)	4,247
Cash, beginning of period	510,828	21,386	26,073	310,790
Cash, end of period	\$ 155,420	\$ 9,622	\$ 155,420	\$ 9,622

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

1. Nature of Operations and Going Concern

Celeste Copper Corporation (“Celeste” or the “Corporation”) was incorporated under the Business Corporations Act (Alberta) on April 27, 2007. The Corporation is currently focused on the acquisition of an interest in Cornish Minerals Limited which controls mining rights in the historic Cornish mining region in Cornwall, England, including the South Crofty Mine as disclosed in note 4. The Corporation continues to be engaged in the exploration for and development of copper mineral properties in the country of Chile and the assessment of other tin, copper and copper-gold properties for exploration and development opportunities. To date the Corporation has not earned revenues from its mineral rights and is considered to be in the development stage.

Although the Corporation has taken steps to verify the title to the resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements or transfers and as a result the property titles may be affected by undetected defects. The Corporation’s policy is to defer expenditures related to the acquisition, exploration and development of its exploration properties. Mineral properties and related expenditures are recorded at cost and deferred until the mineral properties to which they relate are placed into production, sold or abandoned. Accordingly, the carrying amount of mineral properties represents costs incurred to date, net of abandonments and write-downs, and do not necessarily reflect present or future values.

At August 31, 2011, the Corporation had working capital of \$161,422 (November 30, 2010 – working capital deficit \$326,100) and an accumulated deficit of \$4,689,427 (November 30, 2010 – \$3,870,400). The ability of the Corporation to continue as a going concern and the recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete their exploration and development and upon future profitable operations. The consolidated financial statements of the Corporation have been prepared on the basis that the Corporation will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these consolidated financial statements, and that the Corporation will be able to continue its business activities. The ability of the Corporation to carry out its planned business objectives is dependent on the ability to raise adequate financing from shareholders, other investors and lenders and/or the discovery, development or sale of mineral reserves, achievement of profitable operations and ability to control expenditures in relation to existing cash resources. There can be no assurances that the Corporation will continue to obtain the necessary additional financial resources nor is there any assurance that profitability or positive cash flows can be attained.

In March and August 2011, the Corporation completed non-brokered private placement for total gross proceeds of \$500,000. In October 2011, the Corporation announced a private placement for proceeds of up to \$10,000,000 (note 13).

2. Basis of Presentation

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and on a basis consistent with the audited November 30, 2010 consolidated financial statements except certain disclosures have been condensed or omitted. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the notes contained in the Company’s audited November 30, 2010 consolidated financial statements.

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

2. Basis of Presentation (continued)

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Accordingly, actual results could differ from those estimates.

These consolidated financial statements include the accounts of the Corporation, its wholly-owned Canadian subsidiary, 1402227 Alberta Ltd., its wholly-owned Chilean subsidiary, Minera Alberta Chile Limitada and its 99.9% owned Chilean subsidiary, Manto Medio S.A. All intercompany balances and transactions have been eliminated upon consolidation.

3. International Financial Reporting Standards (“IFRS”)

The AcSB has confirmed that accounting standards in Canada will converge with IFRS. The Company is required to adopt IFRS effective December 1, 2011 with the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. This means that the Company will be required to prepare consolidated IFRS financial statements for the interim periods and fiscal year ends beginning December 1, 2011.

4. South Crofty Mine Agreement

On August 24, 2011, the Corporation entered into an arms-length earn-in agreement (the “Agreement”) to acquire up to a 100% interest in Cornish Minerals Limited (“Cornish UK”), a corporation existing under the laws of England which indirectly owns the property and assets known as the South Crofty Mine (the “South Crofty Mine”) near Cornwall in England. The Agreement has been entered into among Celeste, Cornish UK, the shareholders of Cornish UK and Cornish UK’s two wholly-owned subsidiaries.

The South Crofty Mine is an amalgamation of twelve mines that were historically mined primarily for tin and copper. The properties are located between Redruth and Camborne in Cornwall, England and comprise approximately 150 square kilometers of mineral rights in this historic mining district.

Under the terms of the Agreement, Celeste will acquire an initial 25% equity interest in Cornish UK (the “Initial Interest”) by funding, by August 31, 2012, expenditures (“Expenditures”) for the benefit of Cornish UK and its subsidiaries with respect to the exploration, development and mining operations of the South Crofty Mine of at least £4,670,000 (the “Initial Investment”). As at August 31, 2011, the Initial Investment is equal to \$7,437,400 Canadian dollars based on the Bank of Canada exchange rate of \$1.59 Canadian dollars per U.K. pound sterling.

Conditional upon Celeste acquiring the Initial Interest, Celeste shall then have the option to elect to fund additional Expenditures by September 30, 2013, of either (i) £9.33 million to acquire an additional 25% equity interest in Cornish UK (such that Celeste would then hold a 50% equity interest in Cornish UK), or (ii) £16.33 million to acquire an additional 35% equity interest in Cornish UK (such that Celeste would then hold a 60% equity interest in Cornish UK). In certain circumstances, if Celeste funds some, but not all, of the above threshold amounts, it will acquire a lesser pro rata interest in Cornish UK.

Conditional upon Celeste acquiring a 60% equity interest in Cornish UK, it will have the option, exercisable until September 30, 2013 (or earlier in certain circumstances), to acquire the remaining 40% equity interest of Cornish UK based on an agreed upon valuation of Cornish UK, for consideration to be agreed between the parties, which may include (i) common shares of Celeste, (ii) cash, or (iii) a combination of common shares and cash. Any common shares so issued will be at the per share price reflected by the then market price, less any applicable discounts as may be accepted by the TSX Venture Exchange (the “Exchange”).

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

4. South Crofty Mine Agreement (continued)

If Celeste does not exercise this option, the shareholders of Cornish UK will have the option, exercisable for 30 days thereafter, to subscribe for additional shares of Cornish UK so that together they hold up to 51% of the shares of the Corporation.

Closing of the transaction and Celeste's obligation to advance the Initial Investment is conditional upon, among other things, (i) receipt of applicable regulatory approvals (including acceptance of the Exchange), (ii) Celeste having arranged financing to satisfy the Initial Investment, (iii) completion of due diligence satisfactory to Celeste, (iv) closing by October 31, 2011 (unless extended by written agreement of the parties), and (v) other customary terms and conditions of a transaction of this nature. There is no certainty that the transaction will be completed.

On July 15, 2011, the Corporation filed documents with the Exchange required pursuant to this transaction, including a National Instrument 43-101 technical report.

On October 18, 2011, the Corporation announced the terms of a private placement financing of up to 55,555,555 units (the "Units") at a price of \$0.18 per Unit for aggregate gross proceeds of up to \$10,000,000. See note 13.

5. Mineral Properties

	August 31 2011	November 30 2010
Celeste IV – X Project		
Acquisition costs and option payments	8,201	7,979
Exploration and geological expenditures	141,797	23,105
Consulting fees	26,403	26,403
Travel and accommodation	54,405	41,362
Geologist fees and costs	108,119	20,061
Legal fees and maintenance costs	12,566	2,673
	351,491	121,583
Manto Medio Project		
Acquisition costs and option payments	556,581	556,581
Exploration and geological expenditures	98,287	85,099
Consulting fees	9,292	9,292
Travel and accommodation	8,351	5,176
Geologist fees and costs	46,754	33,180
Legal fees and maintenance costs	2,818	1,540
	722,083	690,868
Negrita Project ⁽¹⁾	–	197,541
	\$ 1,073,574	\$ 1,009,992

⁽¹⁾ Comprised of Negrita, Celeste I – III, Zapallar and Manto de Oro claims.

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

5. Mineral Properties (continued)

Celeste IV – XII Project

On March 6, 2008 Celeste acquired additional claims, namely Celeste IV – X exploration concessions in the same area as the Celeste I – III concessions. During the period ended August 31, 2011, the Corporation staked the Celeste XI and XII claims. The Celeste IV – XII have no work commitments attached to them. The Corporation pays annual license fees on the concessions which are for an indefinite term.

Manto Medio Project

The Manto Medio project is comprised of three exploration concessions in the Republic of Chile for which there are no exploration expenditures requirements. The Corporation pays annual license fees on the concessions which are for an indefinite term.

Negruta Project

On June 21, 2007, Celeste entered into a proposal for a Unilateral Purchase Option on Mining Concessions (the "Agreement") with arm's length parties. The Agreement is for the exploration concessions Celeste I, Celeste II, Celeste III and Negruta 1 to 13. The Agreement is in effect until March 20, 2011 for a total option price is US \$3,300,000, of which a US\$2,800,000 payment (the "Payment") remains due. In addition, the Corporation is required to incur US\$2,250,000 for exploration expenditures on the concessions, of which US\$1,751,113/C\$2,005,692 were incurred up to March 20, 2011.

- Effective December 1, 2010, the Corporation Peak Ridge Metal Equity Special Situation Fund ("Peak Ridge") executed a Right of First Refusal Agreement ("ROFR") with respect to the Corporation's rights, title and/or interest in the Agreement. If, on or before the expiry of the Agreement, the Corporation receives an offer from a third party (a "Third Party Offer") to purchase the Agreement from the Corporation, which the Corporation is prepared to accept, Peak Ridge shall, for 30 days, have the first right to purchase or obtain the Agreement upon the price and terms in the Third Party Offer. If Peak Ridge elects not to purchase, the Corporation may accept the Third Party Offer provided that it is completed within 60 days of the expiry of the ROFR.
- Effective December 6, 2010, the Corporation and Peak Ridge and certain of their subsidiaries signed a Memorandum of Understanding ("MOU") whereby the Corporation sold and transferred its rights, title and interests in certain mineral concessions, including Zapallar 1/10 and Manto de Oro 1/20, in exchange for the settlement of \$197,541 of accounts payable and accrued liabilities due to Peak Ridge. Pursuant to the MOU, the Corporation also ceased to be responsible for any further costs related to the transferred mineral concessions.

As the Corporation was unable to make the Payment or fulfill the exploration expenditures by March 20, 2011, the Agreement expired.

General exploration

During the nine months ended August 31, 2011, the Corporation incurred \$nil (2010 – \$34,532) of exploration expenditures not specifically relating to a mineral property which were therefore expensed as incurred.

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

6. Convertible Debenture

On November 2, 2010, the Corporation issued a convertible debenture (the "Debenture") to an arms-length party in the principal amount of \$35,000 at an interest rate of 8% per annum payable at maturity on November 2, 2011. The Debenture may be converted, in whole or in part, at the option of the holder, to Units of the Corporation at any time prior to the maturity date at a conversion price of \$0.065 per Unit for a maximum 538,462 Units. Each Unit is comprised of one common share and one-half of a common share purchase warrant. Each whole common share purchase warrant will be exercisable at \$0.10 per share until November 2, 2011.

On March 29, 2011, the Corporation issued 538,462 Units on the conversion of the Debenture. At the time of the conversion, \$7,900 (\$0.03 per warrant) was ascribed to the warrants based on the Black-Scholes pricing model (note 7(e)). \$27,100 was ascribed to common shares.

The following table details the continuity of the convertible debenture for the period ended August 31, 2011:

	Face Value	Liability Component	Equity Component
Balance, November 30, 2010	\$ 35,000	\$ 33,570	\$ 1,550
Accretion of equity component	-	513	-
Conversion of Debenture	(35,000)	(34,083)	(1,550)
Balance, August 31, 2011	\$ -	\$ -	\$ -

Included in interest and accretion expense for the nine months ended August 31, 2011 is a \$633 gain on conversion.

7. Equity Instruments

(a) Issued

Common Shares	Number of equity instruments	Amount
Balance, November 30, 2010	37,022,852	\$ 3,659,140
Unit private placement (i)	13,000,000	585,800
Unit private placement (ii)	2,500,000	186,400
Unit private placement (iii)	2,500,000	224,300
Conversion of Debenture (Note 6)	538,462	27,100
Share issue costs	-	(93,062)
Balance, August 31, 2011	55,561,314	4,589,678
Warrants		
Balance, November 30, 2010	-	-
Unit private placement (i)	6,500,000	64,200
Unit private placement (ii)	2,700,000	72,200
Unit private placement (iii)	1,450,000	33,500
Conversion of Debenture (Note 6)	269,231	7,900
Balance, August 31, 2011	10,919,231	177,800
		\$ 4,767,478

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

7. Equity Instruments (continued)

- (i) On December 24, 2010, the Corporation completed a private placement financing of 13,000,000 Units at a price of \$0.05 per Unit for gross proceeds of \$650,000. Each Unit is comprised of one common share and one-half of a common share purchase warrant. Each whole warrant is exercisable at \$0.10 per share until December 24, 2011. The common shares are subject to a four month hold period which ends April 24, 2011. An officer of the Corporation subscribed for 400,000 Units (\$20,000).

At the time of the private placement, \$64,200 (\$0.10 per warrant) was ascribed to the warrants based on the Black-Scholes pricing model (note 7(e)). \$585,800 was ascribed to common shares.

- (ii) On March 29, 2011, the Corporation completed a non-brokered private placement of 2,500,000 Units at a price of \$0.10 per Unit for gross proceeds of \$250,000. Each Unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.15 per share for a period of two years from the date of closing.

At the time of the private placement, \$63,600 (\$0.03 per warrant) was ascribed to the warrants based on the Black-Scholes pricing model (note 7(e)). \$186,400 was ascribed to common shares.

The Corporation paid a finder's fee of \$20,000 and issued 200,000 non-transferrable broker warrants to an arm's length agent for the private placement. The broker warrants are exercisable at price of \$0.10 per share until March 29, 2013. The \$8,600 (\$0.04 per warrant) fair value of the broker warrants is included in share issue costs and was estimated at based on the Black-Scholes pricing model (note 7(e)).

- (iii) On Apr 27, 2011, the Corporation completed a non-brokered private placement to raise \$250,000 through the issuance of Units made up of one common share and one-half of a common share purchase warrant at a price of \$0.10 per Unit. Each whole warrant will be exercisable for a price of \$0.15 per share for a period of 18 months from the date of closing.

At the time of the private placement, \$25,700 (\$0.02 per warrant) was ascribed to the warrants based on the Black-Scholes pricing model (note 7(e)). \$224,300 was ascribed to common shares.

The Corporation paid a finder's fee of \$20,395 and issued 200,000 non-transferrable broker warrants to an arm's length agent for the private placement. The broker warrants are exercisable at price of \$0.10 per share until October 27, 2012. The \$7,800 (\$0.04 per warrant) fair value of the broker warrants is included in share issue costs and was estimated at based on the Black-Scholes pricing model (note 7(e)).

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

7. Equity Instruments (continued)

(b) Warrants

	Number of warrants	Weighted average exercise price
Balance, November 30, 2010	–	\$ –
Issued	10,919,231	0.12
Balance, August 31, 2011	10,919,231	\$ 0.12

Details of warrants outstanding as at August 31, 2011 are detailed in the following table:

Exercise price	Number of warrants	Weighted average exercise price	Weighted average contractual life remaining (years)
\$ 0.10	7,169,231	\$ 0.10	0.34
\$ 0.15	3,750,000	0.15	0.77
	10,919,231	\$ 0.12	0.49

(c) Escrowed common shares

As at August 31, 2011, no common shares remained in escrow (November 30, 2010 – 2,445,000 common shares).

(d) Stock options

In January 2011, the Corporation granted 3,250,000 stock options to directors. The options have an exercise price of \$0.10 per share, vest immediately and expire five years from the grant date. The fair value of these options was estimated at \$244,800 (\$0.08 per option) calculated using the Black-Scholes pricing model (note 7(e)). The Corporation recorded the entire estimated fair value \$244,800 as stock-based compensation expense on the date of grant.

In January 2011, the Corporation granted an investor relations firm 500,000 stock options which vest quarterly in four equal tranches, with the first tranche vesting immediately. The options have an exercise price of \$0.10 per share and expire five years from the date of grant. The fair value of these options was estimated at \$40,100 (\$0.08 per option) calculated using the Black-Scholes pricing model (note 7(e)). During the three and nine months ended August 31, 2011, the Corporation recorded \$3,356 and \$18,563, respectively, as stock-based compensation expense for these options.

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

7. Equity Instruments (continued)

(d) Stock options (continued)

	Number of stock options	Weighted average exercise price
Balance, November 30, 2010	750,000	\$ 0.20
Granted	3,750,000	0.10
Expired	(500,000)	(0.20)
Balance, August 31, 2011	4,000,000	\$ 0.11

Information about stock options outstanding and exercisable as at August 31, 2011 is summarized in the following table:

Exercise price	Outstanding			Exercisable	
	Number	Weighted average exercise price	Weighted average contractual life remaining (years)	Number	Weighted average exercise price
\$ 0.10	3,750,000	\$ 0.10	4.35	3,375,000	\$ 0.10
\$ 0.20	250,000	0.20	1.90	250,000	0.20
	4,000,000	\$ 0.11	4.20	3,625,000	\$ 0.11

(e) Black-Scholes pricing model assumptions

The fair values of warrants issued and options granted in the nine months ended August 31, 2011 were estimated using the Black-Scholes pricing model with the following assumptions:

	Warrants	Stock options
Expected volatility	50%	100%
Risk-free rate	1.69 – 1.79%	1.08 – 2.56%
Expected life	0.6 – 2 years	1.6 – 5 years
Dividend yield	nil	nil

(f) Per share amounts

Per common share calculations for the three and nine months ended August 31, 2011 are based on 55,561,314 and 51,752,639 (2010 – 37,022,852 and 34,468,107) basic weighted average number of common shares outstanding. In computing diluted per share amounts, all of the Corporation's outstanding options and warrants have been excluded as they are anti-dilutive.

8. Contributed Surplus

Balance, November 30, 2010	\$ 842,175
Stock-based compensation (Note 7(d))	263,363
Balance, August 31, 2011	\$ 1,105,538

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

9. Supplemental Cash Flow Information

	Three months ended August 31		Nine months ended August 31	
	2011	2010	2011	2010
Accounts receivable	\$ (5,829)	\$ (373)	\$ (28,469)	\$ (15,436)
Prepaid expenses	2,265	3,430	(10,705)	16,580
Accounts payable and accrued liabilities	29,422	(1,263)	(87,910)	(276,993)
	\$ 25,858	\$ 1,794	\$ (127,084)	\$ (275,849)

The change in non-cash working capital has been allocated to the following activities:

	Three months ended August 31		Nine months ended August 31	
	2011	2010	2011	2010
Operating	\$ 5,969	\$ 1,794	\$ (133,492)	\$ (22,197)
Investing	19,889	–	6,408	(253,652)
	\$ 25,858	\$ 1,794	\$ (127,084)	\$ (275,849)

Interest and income taxes:

	Three months ended August 31		Nine months ended August 31	
	2011	2010	2011	2010
Interest paid	\$ –	\$ –	\$ –	\$ –
Income taxes paid	\$ –	\$ –	\$ –	\$ –

10. Related Party Transactions

Except as disclosed elsewhere in these financial statements, the Corporation had the following related party transactions in the normal course of operations and measured at the exchange amounts:

During the three and nine months ended August 31, 2011, the Corporation was charged \$2,500 and \$54,375, respectively (2010 – \$nil) for consulting services by officers and/or companies controlled by officers of the Corporation. At August 31, 2011, \$9,844 was included in accounts payable in respect of these transactions.

11. Segmented Information

The Corporation's operations involve the acquisition, exploration and development of mineral properties in Chile. The Corporation is also evaluating projects in the United Kingdom. Amounts represented in the statement of loss are on account of corporate activities that relate primarily to Canadian operations. The operating loss for Chile relates to administrative amounts and the effects of foreign currency translation. The operating loss for the United Kingdom relates to project evaluation and business development expenses and the effects of foreign currency translation.

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

11. Segmented Information (continued)

Operations and identifiable assets by geographic region are as follows:

	Three months ended August 31		Nine months ended August 31	
	2011	2010	2011	2010
Operating loss				
Canada	\$ 106,498	\$ 4,832	\$ 558,570	\$ 167,703
Chile	1,507	8,726	1,833	40,692
United Kingdom	183,694	–	258,624	–
	<u>\$ 291,699</u>	<u>\$ 13,558</u>	<u>\$ 819,027</u>	<u>\$ 208,395</u>
Mineral property expenditures				
Chile	\$ 92,923	\$ –	\$ 261,123	\$ 71,124

Identifiable assets	August 31 2011	November 30 2010
Canada	\$ 224,138	\$ 38,552
Chile	<u>1,079,393</u>	<u>1,032,876</u>
	<u>\$ 1,303,531</u>	<u>\$ 1,071,428</u>

12. Commitments

Except as disclosed elsewhere in these financial statements, the Corporation has the following commitment:

In January 2011, the Corporation retained an investor relations and corporate communications firm for a term of one year for a fee of \$5,000 per month.

13. Subsequent Events

- (a) In September 2011, the Corporation granted 1,500,000 stock options to a director. The options vest immediately and are exercisable at \$0.13 per share for a period of five years from the date of grant.
- (b) In September and October 2011, the Corporation issued a total of 560,000 common shares on the exercise of 560,000 warrants for gross proceeds of \$56,000.
- (c) In October 2011, the Corporation announced the terms of a private placement financing for up to 55,555,555 units (the "Units") at a price of \$0.18 per Unit for aggregate gross proceeds of up to \$10,000,000 (the "Offering"). \$6,000,000 of the Offering will be on a best-efforts basis by a syndicate of investment dealers (the "Agents") and \$4,000,000 will be completed on a non-brokered basis.

It was further announced that Liberty Metals & Mining Holdings, LLC ("LMM") a wholly-owned subsidiary of Boston-based Liberty Mutual Group, agreed to subscribe for 100% of the non-brokered portion of the private placement, which has been conditionally accepted by the TSX Venture Exchange. The \$4,000,000 non-brokered portion of the private placement is initially for 22,222,222 Units. LMM has an option (the "Option") to acquire an additional 5,555,555 Units under the non-brokered portion of the private placement for additional gross proceeds of \$1,000,000.

Celeste Copper Corporation
(a development stage corporation)
Notes to Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2011 and 2010
(unaudited)

13. Subsequent Events (continued)

The issuance of up to 22,222,222 Units (or 27,777,777 if the Option is exercised in full) to LMM pursuant to the Offering will make LMM a control person, as defined in the Securities Act (Alberta) and, on a fully diluted basis, LMM may hold up to approximately 30% (or 33% if the Option is exercised in full) of the total issued and outstanding common shares of the Corporation after giving effect to the full offering of 55,555,555 Units. As a result, the Corporation is seeking shareholder approval by way of a written resolution of shareholders holding at least 50% plus 1 of the issued and outstanding common shares for the purchase of the Units by LMM, in accordance with the policies of the TSX Venture Exchange.

Each Unit shall consist of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to acquire one common share of the Corporation at a price of \$0.30 per common share for a period of 18 months following the date of closing of the Offering. The Corporation will pay the Agents an aggregate cash commission equal to 8% of the gross proceeds raised in respect of the brokered Offering and issue to the Agents an aggregate number of non-transferrable compensation options to acquire that number of common shares of the Corporation that is equal to 8% of the total number of Units sold on a brokered basis, exercisable at a price of \$0.18 per share for a period of 12 months following the date of closing of the Offering.

The previous \$10 million brokered financing announced on July 25, 2011 was withdrawn and replaced by this Offering. This Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals. All securities to be issued under the Offering will be subject to a four-month statutory hold period in Canada.

It is proposed that concurrently with the Offering, the Corporation and LMM will enter into an investor rights agreement which will provide, among other things:

- (i) the right of LMM to request assistance with the sale of shares held by it including a request for an underwritten distribution by way of a short form prospectus;
- (ii) the right of LMM to request that shares held by it be included in any prospectus offering by the Corporation;
- (iii) for so long as LMM holds 10% or more of the issued and outstanding common shares of the Corporation, the right to appoint one nominee for election or appointment as a director of the Corporation; and
- (iv) provided LMM holds 10% or more of the issued and outstanding common shares of the Corporation, the right to participate in future issuances of equity securities or securities convertible into equity securities to such an extent as will allow LMM to maintain its percentage ownership in the Corporation.