

FORM 51 – 102F1
Management Discussion and Analysis

Celeste Copper Corporation.
For the period ended May 31, 2009
As of July 30th, 2009

General

This Management's Discussion and Analysis ("MD&A") focuses on key items from the audited consolidated financial statements for Celeste for the year ended November 30, 2008, and the six months ended May 31, 2009 factors reasonably expected to impact future operations and results. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect the Corporation in the future. This discussion should be read in conjunction with the audited financial statements of the Corporation for the period ended November 30, 2008 and February 29, 2008. Additional information relating to the company is available on SEDAR at www.sedar.com of the Company's website at www.celestecopper.com.

All dollar amounts are Canadian unless otherwise stated.

Forward-Looking Information

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from actual future results and achievements expressed or implied by such forward-looking statements. Readers are also advised to make allowance for such forward-looking statements while considering the risks set out later in this document.

Business Overview

Celeste was incorporated under the *Business Corporations Act* (Alberta) on April 27, 2007. The Corporation is a junior natural resource company currently engaged in the acquisition, exploration and, if warranted, the development of mineral properties of merit. The Corporation acquires properties by staking initial claims, negotiating for permits from government authorities, negotiating with holders of leases, claims or permits with a view to entering into option, joint venture or asset purchase agreements, or purchasing companies with leases, claims or permits. Celeste will commit its own resources to the initial evaluation of mineral properties, and in select situations if and when warranted, will enter into joint venture or farm-out agreements with other corporations to complete or continue the further exploration or development of such properties.

The Corporation is an exploration stage company engaged in the exploration for and the development of copper mineral properties in the country of Chile. The Corporation holds an option agreement to acquire a 100% interest in one exploitation concession (the Negrita 1-13 lease) and three exploration concessions (Celeste I - III) as well as having staked 7 additional exploration concessions (Celeste IV – X) totalling approximately 2,765 hectares in the Cabeza de Vaca mineral district located in central Chile (the "**Celeste Project**"). For the first nine months, the Corporation began to complete an exploration program on the Celeste Project substantially in line with the recommended work program detailed in National Instrument 43-101

compliant report prepared Associated Geosciences Limited (the “AGL Report”) May 15th, 2008. During this time, the Corporation continued to seek out additional properties for acquisitions.

On January 11, 2008, the Corporation formed a subsidiary in Chile, Minera Alberta Chile Ltda (the “Subsidiary”). (99.90% owned by the Corporation and 0.10% owned by its solicitor in Chile) On March 20th, 2008 the Corporation transferred all of the mining properties to the Subsidiary in exchange for a note. The fair market value of the transfer equalled the costs incurred on the properties to date.

Operating and Financial Highlights

	Q2	Q3	Q4	Q1	Q2
	May 31st	Aug 31st	Nov 30th	Feb 28th	May 31th
	2008	2008	2008	2009	2009
Net Loss	\$(67,281)	\$(277,248)	\$(77,478)	\$(52,277)	\$(202,468)
Loss per Share	\$0.00	\$ (0.03)	\$0.00	\$0.00	\$(0.01)
Capital					
Expenditures	\$94,572	\$459,276	\$191,585	221,076	938,123
Shareholders					
Equity	\$578,088	\$2,234,633	\$2,154,595	2,101,580	2,385,595
Total Assets	\$902,634	\$2,397,114	\$2,830,862	2,761,153	3,105,032

During the period, the Corporation conducted a preliminary exploration program on the Celeste Project. This work confirmed the information received from the bulk sampling completed between 2004 and 2007 and indicated that the breccias are of a magmatic origin. During the period, the Corporation completed six wide spaced lines of Induced Polarization geophysical surveys on the Negrita Mineral claims, surface sampling, trench sampling and a small reverse circulation drill program on the Negrita, Celeste claims and the recently acquired Manto Medio project. During the initial period from April 27, 2007 to May 31, 2009 the Corporation expended \$2,394,694 on the Celeste Project. The \$2,394,694 comprised acquisition cost and option payments, exploration costs, legal and consulting costs related to the Celeste Project.

The Celeste Project - Historical

From September 7, 2007, to October 28, 2007, the Corporation conducted an exploration program consisting of mapping, channel sampling and reverse circulation drilling on four of the mineralized beccia pipes that occur on the Negrita Mineral concessions. The reverse circulation drilling program intersected significant intervals of copper-gold-silver mineralization which include:

56 metres (m) @ 0.96% total copper 0.21 grams per tonne (“g/t”) gold and 13.46 g/t silver,
 32 m @ 0.59% total copper, 0.09 g/t gold and 7.38 g/t silver,
 34 m @ 0.66% total copper, 0.18 g/t gold and 9.05 g/t silver, and
 22 m @ 0.64% total copper, 0.11 g/t gold and 4.64 g/t silver.

Channel sampling of the bedrock outside the limits of the Teta A and Teta B breccias pipes returned significant interval of copper-gold-silver mineralization which includes:

35 m @ 0.51% total copper, 0.11 g/t gold and 7.20 g/t silver, and
45 m @ 1.12% total copper, 0.22 g/t gold and 15.54 g/t silver.

Based on the analytical results of the exploration program completed by the Corporation AGL recommended an exploration program with an estimated cost of \$1,519,160 which includes a 10% contingency factor, be completed on the Celeste Project.

Property Acquisition:

On May 15, 2009, the Corporation announce that it has completed the acquisition of a mining claim in the Republic of Chile (the "Manto Medio Claim"). The Manto Medio Claim is held by Manto Medio S.A., a private Chilean company which is owned two-thirds by 1402227 Alberta Ltd. a private Alberta-based mining exploration company and one-third by Inversiones Copper Holding Chile Limitada, a private offshore mining exploration and investment company. Celeste entered into a share purchase agreement with the security holders of 1402227 Alberta Ltd to acquire all of the issued and outstanding common shares and options of 1402227 Alberta Ltd. The Corporation issued a total of 3,906,281 common shares at a deemed price of \$0.075 per share as consideration for the aggregate purchase price of \$292,971.07 under the share purchase agreement. In addition, as consideration for options outstanding in 1402227 Alberta Ltd to acquire 700,000 shares, the Corporation issued options to acquire 525,000 common shares of Celeste at an exercise price of \$0.075 per share.

Celeste also entered into a share purchase agreement with Inversiones Copper Holding Chile Limitada, and Manto Medio S.A. to acquire the remaining one-third of Manto Medio S.A. The Corporation issued 1,993,750 common shares at a deemed price of \$0.075 per share to Inversiones Copper Holding Chile Limitada, in satisfaction of the purchase price of \$149,531.25 in Canadian Dollars for the one-third interest in Manto Medio S.A.

Elmer Stewart, President, CEO and a director of the Corporation, was the President and a director of 1402227 Alberta Ltd. and David McQuaig, CFO, Secretary and a director of the Corporation, was a director of 1402227 Alberta Ltd.. Messrs. Stewart and McQuaig each held options to acquire 250,000 common shares of 1402227 Alberta Ltd. and after the acquisition of 1402227 Alberta Ltd. they were converted to options to each acquire 187,500 options of Celeste. Leede Financial Markets Inc. held an option to acquire to 200,000 common shares of 1402227 Alberta Ltd. and after the acquisition of 1402227 Alberta Ltd. they were converted to options to acquire 150,000 options of Celeste. There was no finder's fee in connection with this transaction.

Quarterly Exploration results:

During the quarter, the Corporation completed an Reverse Circulation ("RC") program totalled 1,994 m in 17 holes. The main target was an area that extends for a distance of approximately 1,250 metres long and 750 metres wide in which 147 occurrences of oxide copper mineralization had been located. RC drilling was also completed on the recently acquired Manto Medio property) and on the Negrita mineral claims.

Manto Medio Target:

A total of 7 RC holes (860 metres) were completed over an area that measures 450m by 450m. The drilling was completed to test the down dip extension of copper oxide mineralization that occurs in outcrop over a horizontal length of 800m. Five of the seven holes intersected significant intervals of copper-silver mineralization. The weighted average grade (using a 500 parts per million ("ppm") cut-off) for the significant intervals of copper-silver mineralization from the Manto Medio is set out below.

RC Hole #	length (m)	dip (degrees)	azimuth	from (m)	to (m)	interval (m)	copper (ppm)	silver (g/t)
MMO-RC-01	100	-90	0			no significant mineralization		
MMO-RC-02	160	-60	255	6.00	30.00	24.00	1,494	1.79
				48.00	60.00	12.00	2,352	1.83
				96.00	112.00	16.00	1,640	1.19
MMO-RC-03	100	-90	0	36.00	44.00	8.00	2,096	2.75
MMO-RC-04	100	-90	0			no significant mineralization		
MMO-RC-05	120	-60	255	88.00	114.00	26.00	1,282	1.15
MMO-RC-06	120	-60	90	44.00	48.00	4.00	649	1.00
				72.00	86.00	14.00	1,158	1.71
MMO-RC-07	160	-90	0	92.00	100.00	8.00	558	0.63

The data from the RC drilling and associated alteration halos suggest an Iron Oxide Copper-Gold environment.

Celeste I-III Target:

Four RC holes (400m) were completed in an area that measures 750 m long by 400m wide on the Celeste I-III mineral concessions. The weighted average grade (using a 500 parts per million (“ppm”) cut-off) for the significant intervals of copper-silver mineralization from the Celeste I-III target is set out below.

All RC holes intersected significant intervals of copper mineralization. CST-RC-01 was terminated in copper mineralization and the last two metre sample (from 98m to 100m) assayed 0.578% copper and 50.10 g/t silver. The bottom 10 m interval in this hole averaged 0.489% copper and 25.75 g/t silver.

RC Hole #	length (m)	dip (degrees)	azimuth	from (m)	to (m)	interval (m)	copper (ppm)	silver (g/t)
CST-RC-01	100	-90	0	18.00	28.00	10.00	2,532	2.88
				90.00	100.00	10.00	4,892	25.75
CST-RC-02	100	-90	0	10.00	18.00	8.00	611	0.53
CST-RC-03	100	-90	0	10.00	24.00	14.00	796	0.59
				54.00	74.00	20.00	873	0.42
CST-RC-04	100	-90	0	68.00	78.00	10.00	485	0.20
				84.00	90.00	6.00	413	0.30

The data from the RC drilling and associated alteration halos suggest that this mineralization could be an extension of the same zone that was intersected at the manto Medio zone.

During the quarter, the Corporation has commenced a systematic Induced Polarization/Resistivity survey on the Negrita mineral claims. The geophysical survey is to be completed at 400m spaced lines over the Negrita Mining Concession. In addition, the Corporation finalized the planning for a mapping, prospecting and sampling program on the Celeste IX – X mineral claims.

Financial Review

Change in accounting policy – translation of foreign currency

The Corporation translated its monetary assets and liabilities in foreign currencies into Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities are translated into Canadian dollars at the historical rates in effect when the assets were acquired or liabilities incurred. Expenses, except depreciation, depletion and accretion, are translated into Canadian dollars at the average exchange rate for the period. Depreciation, depletion and accretion is translated into Canadian dollars at the same rates as the related assets. Exchange gains and losses arising on translation are included in earnings.

Segmented information

The Corporation operates in one reportable segment, the exploration for and development of mineral properties. Identifiable assets, revenues and net loss in each of its geographic segments are as disclosed in note 12 (Mineral properties) to the financial statements.

Results of operations

The Corporation is an exploration stage company and has no revenue or operating expenses.

Mineral property expenses

The company's projects consist of the Negrita 1/13 exploitation claims, the Celeste I –III exploration claims, the Celeste IV – X exploration claims and the Manto Medio claims. The Celeste IV – X claims were previously staked by the company and have no required work commitment attached to them. The Corporation has incurred a total of \$2,394,694 on expenses related to the acquisition, administration and exploration of its Chile claims as set out in section 4 of the audited financial statements of the Corporation. A breakdown of the expenses related to the properties is as follows:

Mineral Properties

Negrita 1/13	May 31, 2009	November 30, 2008
Acquisition costs/Option payments	\$ 503,687	\$ 371,594
Drilling	200,188	61,655
Consulting fees	155,017	30,030
Travel and accommodation	101,952	55,408
Geologists fees and costs	320,738	236,157
Independent consulting services	43,743	23,445
Legal fees/Agreement costs	25,902	25,903
Peak Ridge option capital	<u>(250,000)</u>	<u>(250,000)</u>
Book value of mineral properties	<u>\$ 1,101,227</u>	<u>\$ 554,192</u>

	May 31, 2009	November 30, 2007
Celeste I,II,III		
Acquisition costs/Option payments	\$ 258,394	\$ 256,762
Drilling	69,233	-
Consulting fees	38,072	13,795
Travel and accommodation	43,256	30,074
Geologists fees and costs	323,482	313,113
Independent consulting services	23,509	20,167
Legal fees/Agreement costs	<u>13,744</u>	<u>13,744</u>
Book value of mineral properties	<u><u>\$ 769,690</u></u>	<u><u>\$ 647,655</u></u>
	May 31, 2009	November 30, 2008
Celeste IV - X		
Acquisition costs/Option payments	\$ 3,264	\$ -
Drilling	4,185	-
Consulting fees	17,121	1,958
Travel and accommodation	35,636	31,373
Legal fees/Agreement costs	<u>1,652</u>	<u>317</u>
Book value of mineral properties	<u><u>\$ 61,858</u></u>	<u><u>\$ 33,648</u></u>
	May 31, 2009	November 30, 2008
Manto Medio		
Acquisition costs/Option payments	\$ 372,616	\$ -
Drilling	65,960	-
Consulting fees	1,000	-
Travel and accommodation	665	-
Legal fees/Agreement costs	<u>21,678</u>	<u>-</u>
Book value of mineral properties	<u><u>\$ 461,919</u></u>	<u><u>\$ -</u></u>
Total	<u><u>\$ 2,394,694</u></u>	<u><u>\$ 1,235,495</u></u>

Included with the Geologists Fees and Costs listed above are costs related to the services provided by local geologists, analytical costs, transportation, vehicle and equipment rental, camp costs related to the drilling operation, surveying, safety and costs related to supporting the drilling operation.

General and administrative expenses

General and administrative expenses for the six month period ended May 31, 2009, were \$178,569 compared to \$ 107,249 for the six month period May 31, 2008. General and administrative expenses for the three month period ended May 31, 2009, were \$102,433 compared to \$ 67,071 for the three month period May 31, 2008. The general and administrative fees were primarily made up of audit, accounting, consulting fees, investor relations and filing fees.

Net loss

The Corporation incurred a net loss of \$254,745 for the six month period ended May 31, 2009 compared to a net loss of \$110,101 for the comparative six month period ended May 31, 2008. The Corporation incurred a net loss of \$202,468 for the three month period ended May 31, 2009 compared to a net loss of \$67,281 for the three month period ended May 31, 2008. The net loss was primarily due to General and Administrative fees related to normal operations of the Corporation. Based on a weighted average number of common shares of 25,965,189 the Corporation's net loss per common share was \$(0.01) (May 31, 2008 - \$0.00).

Liquidity and capital resources

During the period, the Corporation issued 6,039,501 shares during the three month period ended May 31, 2009. The Company received total gross proceeds of \$6,975 from the issuance of 139,500 Common Shares. The Company issued 3,906,251 to acquire all the issued and outstanding shares of 1402227 Alberta Ltd. The remaining 1,993,750 were issued as consideration for the acquisition of a one third interest in the Manto Medio mineral properties.

Related Party Transactions

During the initial period the Corporation entered into agreements with two related parties for consulting services. These related parties are currently directors of the Corporation. These transactions are recorded at their exchange values.

Pursuant to a Management Consulting Agreement between the Corporation and Elmer B. Stewart, dated effective June 1, 2007, Mr. Stewart provides his services to the Corporation in his capacity at that time as President for remuneration of \$9,000 per month. The contract may be terminated by either party upon four months notice and the Corporation may make payment of consultant fees for such notice period in lieu of notice. In the event of a change of control of the Corporation, being:

- i) a change in the shareholdings of the Corporation which results in a person, or group of persons acting jointly or in concert, exercising effective control over more than 51% of the outstanding shares of the Corporation, or
- ii) the board of directors at the effective date no longer constituting a majority of the directors of the Corporation, or
- iii) the sale, lease or transfer of all or substantially all of the Corporation's assets to any other person or persons,

the contract immediately terminates on the effective date of the change of control and the Corporation is obliged to pay Mr. Stewart four months of consultant fees in lieu of notice.

Pursuant to a Management Consulting Agreement between the Corporation and David McQuaig, dated effective August 1, 2007, Mr. McQuaig provides his services to the Corporation in his capacity at that time as Vice President, Business Development for remuneration of \$5,000 per month. The contract may be terminated by either party upon four months notice and the Corporation may make payment of consultant fees for such notice period in lieu of notice. Mr. McQuaig's contract has identical provisions for termination on change of control.

Subsequently in the period both Mr. Stewart and Mr. McQuaig assigned their consulting agreements to their personal consulting firms those being 397405 Alberta Ltd for Mr. Stewart and Practice Transitions Inc for Mr. McQuaig

Option Obligation

On October 17, 2008, the subsidiary and Peak Ridge Metal Equity Special Situation Fund ("Peak Ridge) signed an agreement whereby Peak Ridge has a transferable agreement to participate in Celeste's Negrita 1/13 project in Chile by way of investing funds up to \$4,300,000 over the next phase of exploration and land acquisition. The agreement details the distribution of the funds will take place as follows:

- \$1,500,000 in exploration funding consisting of:
 - \$250,000 risk capital
 - \$500,000 designated for additional land acquisition
 - Three further tranches of \$250,000 towards continuation of exploration program
- US \$2,800,000 for the 'balloon' payment due to the original claim holders of the Negrita claims for full title to the properties.

Upon exercising its option to participate, Peak Ridge will earn-in an 80% interest in the Negrita 1/13 claims and the additional target lands if acquired. Peak Ridge would also be provided a bonus equal to an amount of common shares totaling \$280,000 worth of shares. This option agreement does not involve Celeste's Celeste I to III or IV to X projects.

If the option is not exercised, all payments, with the exception of the \$250,000 provided as risk capital, are able to be converted into common shares of Celeste within 60 days of payment at the option of Peak Ridge. The price for common shares shall be calculated at the then 30 day weighted average trading price of the common shares of Celeste, but in no event shall the amounts be converted into common shares of Celeste at a price of less than C\$0.20 per common share.

At November 30, 2008 the Corporation had received the \$250,000 payment related to risk capital and the \$500,000 payment related to additional land acquisitions. As of May 31, 2009, \$237,392 of these funds received remained on hand and have been presented as restricted cash as the Corporation must spend the funds on exploration expenses and land acquisitions.

The Corporation has committed to paying a finder's fee of 1.6% of all funds received from the option agreement. Payments of the finder's fee are due when the funds are received by the Corporation. In May 31, 2009, the Corporation advanced \$34,400 of this fee (50% of the total expected fee assuming all the \$4.3M received). \$22,400 of this advance is included in prepaids and \$12,000 (1.6% of the actual \$750,000 received) was capitalized to cost of properties.

Disclosure of outstanding share data

	Common shares	Warrants
Balance November 30, 2008	24,733,321	6,645,000
Issued (i)	139,500	-
Issued (ii)	3,906,251	-
Issued (iii)	1,993,750	-
Expired	-	(1,645,000)
Balance May 31, 2009	30,772,822	5,000,000

At May 31st, 2009, there were 30,772,822 Common Shares issued and outstanding and 35,772,822 fully diluted Common Shares after giving effect to the exercise of all outstanding warrants.

- (i) On May 29, 2009 139,500 options were exercised for total consideration of \$ 6,975.
- (ii) On May 15 2009, the Corporation issued 3,906,251 common shares for total consideration of \$ 292,969 for the purchase of all the issued and outstanding common shares of 1402227 Alberta Ltd, which owned two-thirds interest of the Manto Medio mining claim in the Republic of Chile.
- (iii) On May 15 2009, the Corporation issued 1,993,750 common shares to a joint venture partner for total consideration of \$ 149,531 for the purchase of the remaining one-third interest in the Manto Medio mining claim in the Republic of Chile.

As at May 31st, 2009 the Corporation had issued 3,525,000 stocks options to Officers and Directors of the corporation. During the three month period the Corporation issued 250,000 options exercisable at \$0.20 cents per share and an additional 525,000 options exercisable at \$ 0.075 cents per share.

Business Risks

Exploration and development

The mineral exploration industry in general is inherently risky in nature. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and the Corporation may be subject to risks from operations, mining law, environmental regulations, permits and licenses and financing.

The Corporation focuses exploration efforts in areas in which it has existing knowledge and expertise. Exploration activities rely on the exploration results collected at that time and on professional judgment of people involved in the exploration business. There can be no assurance that exploration programs will result in a discovery being made. In the event that a discovery is made, no assurance can be given that the discovery will result in either resources or reserves being established on the property. If reserves are established, it may take a number of years and substantial expenditures until production is achieved, during which the economic feasibility of the project may change.

The long-term profitability of the Corporation's operation will, in part, be directly related to the success of its exploration programs to find additional reserves, which may be affected by a number of factors that are beyond the control of the Corporation.

Country risk

The Corporation's operations are subject to economic, political and social risks inherent in doing business in Chile. These risks include matters arising out of the policies of the government, economic conditions, imposition of, or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights. Chile has had freely elected governments since 1990 with the last election being held in December 2005. The next election, due in December 2009, could result in a change of government and concurrent change in government policies particularly in relation to the mining industry.

Regulations and mining law

The Corporation's exploration activities are subject to the laws and regulations of Chile. There is no assurance that these laws will not change in the future.

Environmental factors

All phases of the Corporation's operations are subject to environmental regulation in Chile. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Although the Corporation takes the steps necessary to protect the environment around its operations, there is no assurance that future changes in environmental regulation, if any, will not adversely affect Celeste's operations or result in substantial costs and liabilities in the future.

Permits and licenses

The operations of the Corporation require permits from the government of Chile. The Corporation has secured the necessary permits for its current exploration and operations programs. There can be no assurance that the Corporation will be able to obtain all necessary permits that may be required to carry out its operations in the future.

Financing risks

Continued exploration and development of the Celeste Project is dependent on Celeste's ability to obtain the funds necessary to finance these planned activities. Failure to do so may result in the Corporation seeking additional equity programs to finance its programs. While the Corporation has been successful in attracting equity financing in the past, there can be no assurance that additional funding will be available in the future. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration plans.

Income and other taxes

The taxation system in Chile is characterized by numerous taxes and frequent changes in legislation, official pronouncements and court decisions. Taxes are subject to review and

investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Chile that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Subsequent Events:

Subsequent to the end of the quarter on July 6, 2009, the Board of Directors of the Company received the resignation of Mr. Mark Eldridge from the Board of Directors of the Company. On July 6th, 2009 the Board of Directors of the Company also received the resignation of Mr. David McQuaig, effective July 10, 2009, from the Board of Directors and from his position as Chief Financial Officer of the Company.

Effective July 10th, 2009, the Board of Directors appointed Mr. Erich Boechler to act as Interim Chief Financial Officer until such time that the Company finds a suitable replacement for Mr. McQuaig. Mr. Boechler is a member of the Board of Directors of the Company.

Celeste wishes to thank both Mssrs. Eldridge and McQuaig for their contributions to the Company. We wish them both the very best in their future endeavours.