

FORM 51 – 102F1
Management Discussion and Analysis

Celeste Copper Corporation.
For the period ended February 28, 2009
As of April 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 three months ended February 28, 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

	Q1 Feb 29th 2008	Q2 May 31st 2008	Q3 Aug 31st 2008	Q4 Nov 30th 2008	Q1 Feb 28th 2009
Net Loss	\$(42,820)	\$(67,281)	\$(277,248)	\$(77,478)	\$(52,277)
Loss per Share Capital	\$0.00	\$0.00	\$ (0.03)	\$0.00	\$0.00
Expenditures Shareholders Equity	\$171,828	\$94,572	\$459,276	\$191,585	221,076
Total Assets	\$489,751	\$578,088	\$2,234,633	\$2,154,595	2,101,580
	\$787,160	\$902,634	\$2,397,114	\$2,830,862	2,761,153

During the period, the Corporation conducted a preliminary exploration program on the mineralized breccias pipes located to date 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 magnatic origin. During the period the Corporation completed several wide spaced lines of Induced Polarization geophysical surveys on the Negrita Mineral claims. This included surface sampling, trench sampling and a small reverse circulation drill program. During the initial period from April 27, 2007 to February 28, 2009 the Corporation expended \$1,456,571 on the Celeste Project. The \$1,456,571 comprised acquisition cost and option payments, exploration costs, legal and consulting costs related to the Celeste Project.

The Corporation received a National Instrument 43-101 technical report entitled “The Copper Bearing Hydrothermal Breccia Pipes of the Negrita 1-13 and Celeste I-X Claim Groups of the Cabeza de Vaca Deposit, Copiapo, Metropolitan District 3 (Atacama), Chile” (the “**AGL Report**”) prepared by Associated Geosciences Limited (“**AGL**”) dated May 15, 2008, which summarized the results of the exploration program completed on the Celeste Property in 2007. The AGL Report included the reverse circulation drilling and channel sampling results as well as the information related to the shipments of copper mineralization to a local smelter from the Celeste Property from June 2004 up to May 2007.

In the AGL Report, AGL recommends an exploration program consisting of geological mapping, channel sampling, airborne and ground geophysical surveys and surface and underground reverse circulation and diamond drilling. The AGL Report recommended an exploration program estimated to cost \$1,519,160 which includes a 10% contingency factor. The company commenced the geophysics program on the Negrita and Celeste projects. The data collection and initial interpretation of the data was completed in November 2008.

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. 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.

During the period ended November 30, 2008, the corporation completed a detailed total field magnetometer survey of the Negrita and Celeste I-X mineral claims. The objective of this work was to locate both structural and lithologic targets with potential to host copper-gold-silver mineralization. In addition to the magnetometer survey, detailed sampling of the known mineralized breccias was completed to determine the concentration of copper-gold-silver mineralization outside the breccia and to collect the information that would allow an interpretation of the origin of the mineralized breccia pipes.

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 consists of the Negrita 1/13 exploitation claims, the Celeste I –III exploration claims and the Celeste IV – X exploration 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 \$1,456,571 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. Because of the noted subsequent event where the company has optioned 80% of the Negrita 1/13 claims to Peak Ridge a breakdown of the expenses related to the properties has been reformatted as follows:

Mineral Properties

	February 28, 2009	November 30, 2008
Negrita 1/13		
Acquisition costs/Option payments	\$ 388,311	\$ 371,594
Drilling	83,454	61,655
Consulting fees	84,178	30,030
Travel and accommodation	83,986	55,408
Geologists fees and costs	249,010	236,157
Independent consulting services	23,445	23,445
Legal fees/Agreement costs	39,285	25,903
Peak Ridge option capital	<u>(250,000)</u>	<u>(250,000)</u>
Book value of mineral properties	<u>\$ 701,669</u>	<u>\$ 554,192</u>
Celeste I,II,III	February 28, 2009	November 30, 2007
Acquisition costs/Option payments	\$ 258,394	\$ 256,762
Drilling	21,797	-
Consulting fees	26,296	13,795
Travel and accommodation	40,594	30,074
Geologists fees and costs	323,482	313,113
Independent consulting services	20,835	20,167
Legal fees/Agreement costs	<u>13,744</u>	<u>13,744</u>
Book value of mineral properties	<u>\$ 705,142</u>	<u>\$ 647,655</u>

Celeste IV - X	February 28, 2009	November 30, 2008
Acquisition costs/Option payments	\$ 3,264	\$ -
Consulting fees	\$ 11,204	\$ 1,958
Travel and accommodation	33,640	31,373
Legal fees/Agreement costs	<u>1,652</u>	<u>317</u>
Book value of mineral properties	<u>\$ 49,760</u>	<u>\$ 33,648</u>

Certain comparative figures have been reclassified to conform to the presentation in the current period.

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 three month period ended February 28, 2009, were \$76,136 compared to \$ 42,829 for the three month period February 29, 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 \$52,277 for the 3 month period ended February 28, 2009 compared to a net loss of \$42,820 for the three month period ended February 29, 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 24,733,321 the Corporation's net loss per common share was \$0.00(Feb 29, 2008 - \$0.00).

Liquidity and capital resources

During the period, the Corporation did not issue any shares, however during the three month period ended February the Company received total gross proceeds of \$107,449 from the issuance of 1,433,321 Common Shares.

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 an optionable 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 February 28, 2009, \$573,912 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 February 28, 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	-	-
Balance February 28, 2009	24,733,321	6,645,000

At February 28th, 2009, there were 24,733,321 Common Shares issued and outstanding and 31,378,321 fully diluted Common Shares after giving effect to the exercise of all outstanding warrants.

As at February 28th, 2009 the Corporation had issued 2,889,000 stocks options to Officers and Directors of the corporation exercisable at \$0.20 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.