

**LORRAINE COPPER CORP.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**Interim Second Quarter Report – August 31, 2008**

*This Management Discussion and Analysis (the “MD&A”) of Lorraine Copper Corp. (the “Company” or “Lorraine Copper”) provides analysis of the Company’s financial results for the quarter ended August 31, 2008 and should be read in conjunction with the accompanying audited financial statements and notes thereto. The MD&A is current as at October 27, 2008, the date of preparation.*

*All financial information is prepared using Canadian generally accepted accounting principles and Canadian dollars unless otherwise indicated.*

*Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.*

**PLAN OF ARRANGEMENT**

On November 27, 2007, shareholders of Eastfield Resources Ltd. (“Eastfield”) and Lysander Minerals Corporation (“Lysander”) (Eastfield and Lysander are collectively referred to as the “predecessor companies”) voted in favour of the proposed spin-out of shares in a new public company, Lorraine Copper to shareholders of the predecessor companies, pursuant to a Plan of Arrangement.

Under the Plan of Arrangement, Lysander agreed to contribute its interest in the Jajay Property located in the Omineca Mining Division of British Columbia and \$150,000 of working capital to Lorraine Copper. Eastfield completed a similar plan of arrangement whereby it would also contribute its interest in the Jajay Property and \$150,000 of working capital (for a total of \$300,000) to Lorraine Copper. The Jajay Property, which is located 280 km northwest of Prince George, BC and is host to alkalic porphyry copper-gold-silver deposits, is currently being explored by Teck Cominco Limited (“Teck Cominco”) under an option agreement whereby Teck Cominco may earn up to a 65% interest in the property.

Final approval of the Plan of Arrangement by the TSX Venture Exchange (the “Exchange”) was announced on April 8, 2008 and the effective date was set at April 16, 2008. A total of 40,000,000 common shares in the capital of Lorraine Copper were issued (20,000,000 shares, on a pro-rata basis, to the shareholders of each of Lysander and Eastfield) in connection with the plans of arrangement. Lysander shareholders of record as of the effective date received approximately 0.897 of one common share of Lorraine Copper for every share of Lysander that they owned, while still retaining their Lysander shareholdings. Eastfield shareholders of record as of the effective date received approximately 0.45 of one common share of Lorraine Copper for every share of Eastfield that they owned, while still retaining their Eastfield shareholdings.

As a result, Lorraine Copper now holds the combined interests of the Company and Eastfield in the Lorraine copper/gold prospect and provides shareholders a pure play in the potential of that property.

Lorraine Copper commenced trading on the Exchange on April 17, 2008 under the symbol “LLC”.

Lorraine Copper is a single project company. As the development of the Lorraine property proceeds, the common shares of Lorraine Copper have good prospect for growth of value. Overall expenditures and share dilution are expected to be minimal. Assuming completion of earn-in by Teck Cominco under the current Participation Agreement, Lorraine Copper will still hold a significant 49% interest. It will have critical mass; it will be focused; and it is hoped that its shares will win growing recognition in the market.

**BUSINESS OVERVIEW**

Lorraine Copper is listed on the Exchange under the symbol “LLC” and the Company currently holds the Lorraine mineral project located in north-central British Columbia.

The property is located within the Quesnel Terrane, which is known for its alkalic copper-gold deposits including Galore Creek (in feasibility with NovaGold/TCL partnership), Mt. Polley (in production with Imperial Metals), Afton (in feasibility with New Gold), Copper Mountain (past producer), Kemess (in production with Northgate Exploration) and Mt. Milligan (in feasibility with Terrane Metals). In the region of the Lorraine property, zones of copper-gold-silver mineralization are related to major rift type faulting and associated alkali metasomatism (alteration).

## **CURRENT OPERATIONS**

### *Jajay Property*

In June 2005, the Company and Eastfield entered into a Participation Agreement with Teck Cominco Limited ("Teck Cominco") under which Teck Cominco can earn an interest in the Company's Jajay properties by expending a minimum of \$9,000,000. Teck Cominco provided \$1,500,000 under a convertible note to fund the 2005 exploration program after the completion of which Teck Cominco had the option to spend a further \$7,500,000 by December 31, 2010 at a minimum rate of \$1,500,000 per year on a cumulative basis in order to earn a 51% interest in the Lorraine property. Teck Cominco may earn up to a 65% interest by completing a feasibility study and arranging project financing. As of December 31, 2007, Teck Cominco has spent approximately \$6.0 million toward its earn-in on the Jajay Project.

In January 2006, Teck Cominco elected to take up its option to earn a 51% interest in the Lorraine property resulting in the extinguishing of the convertible note and crediting of the 2005 exploration expenditures towards its earn-in requirements.

In June 2006, Lysander and Eastfield elected to include the adjacent Tam-Misty Property under the Jajay Agreement with Teck Cominco. Teck Cominco optioned the Tam-Misty Property, which covers approximately 5,200 hectares, from a third party.

Teck Cominco may earn a further 9% interest in the Jajay property by funding and completing a feasibility study. Upon a positive production decision, Teck Cominco can earn a further 5% interest by arranging or providing production financing on behalf of Lorraine Copper.

The 2007 exploration project at the Lorraine property was designed to evaluate a large (12 by 6 km) core area of the Duckling Creek Complex which hosts most of the known significant mineralized zones. A total of 90.6 line-kilometres of IP geophysics were completed and 592 soil samples were collected on the IP lines. The IP survey was designed to "look" down to about 400 metres in depth to test for continuity of the mineralized zones along strike and to depth. The 2007 program has resulted in several known targets being significantly extended along strike and to depth and identification of several new targets.

Teck Cominco informed the Company that the 2008 program commenced as of the beginning of July. It had planned to conduct an approximately 7,000-metre drill program to test a number of targets that were outlined in last year's geological, geochemical and Induced Polarization (IP) geophysical survey. The IP survey covered an area of approximately 14 kilometres by five kilometres and was capable of investigating to depths of up to 400 metres.

Teck has now informed the Company that it has successfully drilled 6,935.5 meters in 19 drill holes and tested eight target areas that were outlined in last year's geological, geochemical and Induce Polarization (IP) geophysical surveys. The camp has been shut down for the remainder of the year and the drill core assays are pending.

To view maps showing the drilling results and the IP anomaly maps as well as other data for the Lorraine Project, go to our website: [www.lorrainecopper.com](http://www.lorrainecopper.com)

## RESULTS OF OPERATIONS

### Selected Financial Information

Period	Quarter ended August 31, 2008	Quarter ended May 31, 2008	2008*
Net Sales	Nil	Nil	Nil
Net and comprehensive loss	\$ 26,901	\$ 237,287	\$ 45,796
Basic and diluted net loss per share	\$ 0.001	\$ 0.014	\$ 0.002
Total Assets	\$ 4,698,288	\$ 238,337	\$ 12,834
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	N/A	N/A	N/A

\* - This represents the period from incorporation on October 23, 2007 to February 29, 2008.

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

The Company's recorded loss for the period ended August 31, 2008 is comprised mainly of general and administrative expenses at a level which should be sustainable over the longer term. Transfers and filing fees were reduced to \$7,939 from \$27,170 for the previous quarter, reflecting the non-repeatable costs for the initial listing for the Company's shares and initial agreement with the transfer agent and printing of share certificates. Allocatable management costs increased during the quarter since Wildrose Resources Ltd. which previously contributed to the overhead costs of the Eastfield Group of companies has now merged with Skygold Ventures Ltd. and no longer pays any such cost share.

### Trends

The Company's general and administrative expenditures are related to the level of financing and exploration activities, which in turn depend on the Company's recent exploration activities and prospects, as well as general market conditions relating to the availability of funding for exploration-stage resource companies. The Company does not acquire properties or conduct exploration work on its properties on a pre-determined basis. Thus, there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

Other than as herein disclosed, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Company's revenues, income from continuing operations, profitability, liquidity or capital resources, of that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

### RISKS AND UNCERTAINTIES

The Company's exploration programs and ability to raise finance are driven by expectations of discovery and viability of mineral resources. There is a high degree of uncertainty and market perceptions are highly variable. Major factors that could affect the Company's properties at present include the under-noted.

1. *The business cycle, global demand and commodity prices*

The copper price remains well above historical averages. At present, there are risks that the US and other western economies may weaken; although demand globally may be less affected. The long-term outlook remains strong, but a cyclical downturn, perhaps mild, is possible in the near future.

2. *Currency exchange rates*

The appreciation of Canadian currency versus a weakening US dollar adversely and significantly affects the viability of mining operations located in Canada that sell minerals, such as copper and gold, in prices denominated in US funds. In the long-term, weakness in the US dollar may be partly or wholly compensated by higher quoted prices, but the immediate adverse impact will affect assessments of Canadian exploration properties.

3. *Operating costs in western and northern Canada*

As a result of intense activity in oil, gas and mining projects, inflationary pressures are significantly affecting construction and operating costs in the area. There is, accordingly, uncertainty in assessing the viability of projects.

#### 4. *Permitting*

There are significant time delays and uncertainties affecting the permitting processes, in Canada and in many other areas of the world.

#### 5. *Economic resources*

The Company has not yet established any reportable economic resources. It is exploring structures that are believed to have economic potential, but there is no assurance that resources or ore reserves will be established.

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described below and the other information filed with the Canadian securities regulators before investing in the Company's common shares. The risks described herein are not the only ones faced. Additional risks may become important factors that affect the Company's business.

The Company's mineral property interests are in the exploration stage. Development of the Company's properties will only proceed upon obtaining satisfactory exploration results. Mineral exploration and development involve high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities on the Company's properties will result in the discovery of economically viable mineral reserves for commercial production.

The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing and while it has been successful in doing so in the past there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing; however, in the event this were not to occur, there would be doubt about the ability of the Company to continue as a going concern. The audited Financial Statements and the discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the period ended February 29, 2008 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract minerals and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The economics of developing mineral properties are affected by many factors which are beyond the Company's control and which cannot be predicted, including the cost of operations, variations of grade of ore discovered, fluctuations in mineral markets, the proximity and capacity of milling facilities, mineral markets and processing equipment, prices of good and services and other factors such as government regulations, allowable production and environmental regulations. Depending upon the price of minerals discovered and potentially mined, the Company may determine it is neither profitable nor competitive to acquire or develop properties, or commence or continue commercial production.

Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties, it owns, controls or have the right to acquire by option, there is no guarantee that title to such mineral property interests will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. There may be valid challenges to the title of the mineral property interests which, if successful, could impair development and/or operations.

#### *Conflicts of interest*

Certain officers and directors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

*Limited operating history: losses*

The Company has experienced losses in this first period of its operations. There can be no assurance that the Company will operate profitably in the future, if at all.

*Price fluctuations: share price volatility*

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the months of April through October, 2008 the per share price of the Company's shares fluctuated from a high of \$0.25 to a low of \$0.035. There can be no assurance that continual fluctuations in price will not occur.

**International Financial Reporting Standards**

By 2011, Canada will move to the same accounting standards as are used by publicly accountable enterprises in the EU and many other countries around the world. International Financial Reporting Standards (IFRS) are being promoted as a single set of high quality, understandable and enforceable global standards. "Publicly accountable enterprises" will be required to move to IFRS — that term includes publicly traded companies as well as other enterprises that hold assets in a fiduciary capacity for broad groups of outsiders. The Accounting Standards Board of Canada (AcSB) is planning the strategy for accounting standards that will apply to private businesses and not-for-profit organizations. Using IFRS should enable Canadian companies to increase their global reach, providing shareholders and regulators with financial information that has enhanced comparability and transparency. Companies should have easier access to international capital, funding, and investment opportunities.

Management has attended briefing seminars on the transition to IFRS, and we are awaiting the release of various exposure drafts and reports which will more clearly define the accounting standards for the mining exploration industry. The board of directors will strike a committee to oversee the IFRS transition.

A timetable for transition to IFRS is set out below.



**LIQUIDITY AND CAPITAL RESOURCES**

The Company's primary capital assets are mineral property interests, which are discussed in detail in the section Business Overview.

Working capital is sufficient to fund current business plans and should be adequate to permit professional corporate management and investor communications. The Company does not derive any revenues from operations and does not expect to generate any revenues from operations in the foreseeable future.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not utilize off-balance sheet arrangements.

#### **TRANSACTIONS WITH RELATED PARTIES**

During the period ended August 31, 2008, geological services totaling \$1,360 were provided to the Company by Mincord Exploration Consultants Ltd. ("Mincord"), a geological service company owned by two directors of the Company. Mincord's relationship with the Company is non-exclusive and without retainer, and is used on a project by project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs.

In the normal course of business, the Company enters into transactions with related companies for the use of equipment, services and rental of office space. The Company is related to Eastfield (Note 1) through directors in common. Amounts payable for rent, salaries, telephone, office, consulting, convention and travel costs to Eastfield amounted to \$13,047 for the period ended August 31, 2008.

These transactions were measured at the exchange amounts agreed to by the parties.

#### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company's accounting policies are thoroughly described in Note 2 to the February 29, 2008 audited financial statements. The Company's accounting policies relating to investment in mineral properties and deferred exploration costs are critical accounting policies that are subject to estimates and assumptions regarding future activities.

Generally accepted accounting principles require the Company to consider at the end of each accounting period whether or not there has been an impairment of the capitalized investment in mineral properties. This assessment is based on whether factors that may indicate the need for a write-down are present. If the Company determines there has been impairment, then the Company would be required to write-down the recorded value of its investment in mineral properties, which would reduce the Company's earnings and net assets.

##### **(i) Financial Instruments – Recognition and Measurement**

Under this standard, all financial instruments are classified as one of the following: held-to maturity investments, loans and receivables, held-for-trading or available-for-sale. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and financial liabilities other than those held-for-trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits the designation of any financial instrument as held-for-trading upon initial recognition.

The Company's cash and cash equivalents and short term deposits have been classified as held for trading and are recorded at fair value on the balance sheet. GST and VAT receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities. The Company had neither available-for-sale, nor held-to-maturity investments during the latest fiscal period end.

The criteria for assessing an other-than-temporary impairment remain unchanged. Transaction costs incurred to acquire or issue financial instruments are included in the carrying amount of the relevant financial instrument.

(ii) Hedges

This standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed for each of the permitted hedging strategies: fair-value hedges, cash-flow hedges and hedges of a foreign currency exposure of a net investment in a self-sustaining foreign operation. The Company has not designated any agreements as hedges.

(iii) Comprehensive Income

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. The Company had no "other comprehensive income or loss" transactions during the year ended December 31, 2007 and no opening or closing balances for accumulated other comprehensive income or loss.

The CICA plans to transition Canadian GAAP for public companies to International Financial Reporting Standards ("IFRS"). The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements is not yet determinable.

### **Stock-based compensation**

The fair value of stock options is determined by the widely used Black-Scholes option pricing model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and the expected life of the options. The compensation cost is expensed over the vesting period with a corresponding credit to contributed surplus. Consideration is paid on the exercise of stock options plus the amount of previously recognized expense is credited to share capital when the options are exercised.

### **Financial Instruments and Other Instruments**

The fair values of the Company's cash, short term investments, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the immediate or short-term to maturity of these financial instruments.

### **Mineral Properties**

The Company records its interests in mineral properties and areas of geological interest at cost less option payments received and other recoveries. All direct and indirect costs related to the acquisition of these interests are capitalized until such time as the properties to which they relate are put into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available following commencement of production.

As well, the Company defers all exploration expenses relating to mineral properties and areas of geological interest until the properties to which they relate are put into production, sold, abandoned or management determines there to be an impairment. These costs will be amortized over the reserves available following commencement of production.

Management's estimates of recoverability of its' investment in various projects have been based on current conditions. It is reasonably possible that changes could occur which could adversely affect management's estimates and may result in material future write-downs of capitalized property carrying values.

## OUTSTANDING SHARE DATA AS AT AUGUST 31, 2008:

- (a) Authorized and issued share capital:

<b>Class</b>	<b>Par Value</b>	<b>Authorized</b>	<b>Issued Number</b>
Common	No par value	Unlimited	40,000,002

- (b) Summary of options outstanding:

<b>Security</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	2,625,000	0.15	May 26, 2013

- (c) Summary of warrants outstanding:

<b>Security</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Warrants – from Lysander	250,000	\$ 0.16	March 9, 2009

Pursuant to the Plan of Arrangement, Lysander and Eastfield and Lorraine Copper have entered into a Warrant Exercise Agreements whereby the holders of the above-noted Lysander warrants shall be entitled to receive, upon exercise, one common share in the capital of Lysander, and approximately 0.897 of one common share in the capital of Lorraine. The Eastfield warrants expired unexercised on August 9, 2008. The \$0.40 exercise price of the Lysander warrants, if exercised, shall be allocated 60% to Lysander and 40% to Lorraine Copper.

- (d) There are no escrowed or pooled shares.

## OTHER INFORMATION

### Controls and procedures

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance in Canadian GAAP.

The assessment identified that there is a weakness in these internal controls in that, due to the limited number of staff, it is not feasible to achieve complete segregation of certain duties. Management and the board of directors work to mitigate the risk of material misstatement in the financial statements; however, there can be no assurance that there is less than a remote likelihood of a material misstatement.

The Company's web site address is [www.lorrainecopper.com](http://www.lorrainecopper.com). Other information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).