Audited Consolidated Financial Statements of:

COPPER FOX METALS INC.

For the Year Ended

October 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Copper Fox Metals Inc.:

We have audited the accompanying consolidated financial statements of Copper Fox Metals Inc., which comprise the consolidated statements of financial position as at October 31, 2015 and October 31, 2014, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Copper Fox Metals Inc. as at October 31, 2015 and October 31, 2014 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

February 25, 2016
Calgary, Canada

COPPER FOX METALS INC.

Consolidated Statements of Financial Position

As at October 31, 2015 and October 31, 2014

	October 31, 2015	October 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,529,138**	$ 1,654,521
Trade and other receivable	**233,762**	4,904,951
Prepaid expenses and deposits	**138,399**	322,799
Total Current Assets	**1,901,299**	6,882,271
Non-current assets:		
Deposits	**135,000**	-
Investments (Note 4)	**761,805**	764,305
Exploration & evaluation assets (Note 5)	**76,649,701**	72,224,682
Property and equipment (Note 6)	**153,654**	196,365
Total Assets	**$ 79,601,459**	$ 80,067,623
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 433,791**	$ 580,326
Non-current liabilities:		
Decommissioning liabilities (Note 7)	**208,769**	214,781
Deferred tax liabilities (Note 13)	**2,775,725**	3,109,742
Total Liabilities	**3,418,285**	3,904,849
Shareholders' equity:		
Share capital (Note 8)	**74,035,461**	74,035,461
Share purchase warrants (Note 8)	**196,623**	196,623
Contributed surplus	**15,823,771**	15,823,771
Non-controlling interest (Note 9)	**1,977,887**	2,592,674
Currency translation reserve	**2,071,709**	543,026
Deficit	**(17,922,277)**	(17,028,781)
Total Shareholders' Equity	**76,183,174**	76,162,774
Total Liabilities and Shareholders' Equity	**$ 79,601,459**	$ 80,067,623

Reporting entity and nature of operations (Note 1)
Commitments (Note 14)
Subsequent events (Note 17)

Approved on behalf of the Board of Directors on February 25, 2016:

"J. Michael Smith" — J. Michael Smith, Director

"Elmer B. Stewart" — Elmer Stewart, Director

See accompanying notes to consolidated financial statements.

COPPER FOX METALS INC.

Consolidated Statements of Comprehensive Loss

Year ended October 31, 2015 and October 31, 2014

	October 31, 2015	October 31, 2014
Expenses:		
Administration	**$ 1,469,030**	$ 1,422,530
Depreciation, amortization and accretion	**35,929**	42,391
Professional fees	**474,749**	1,065,889
Share based compensation (Carmax)	**53,006**	259,610
Interest income	**(122,362)**	(56,976)
Loss Before Taxes	**1,910,352**	2,733,444
Deferred income tax recovery (Note 13)	**(363,954)**	(1,382,535)
Net Loss	**1,546,398**	1,350,909
Other comprehensive (income)/loss:		
Foreign currency translation gain	**(1,528,683)**	(437,950)
Unrealized loss on AFS investment	**2,500**	-
Comprehensive Loss	**$ 20,215**	$ 912,959
Net loss attributable to:		
Common shareholders	**$ 1,334,980**	$ 1,087,914
Non-controlling interest	**211,418**	262,995
Net Loss	**$ 1,546,398**	$ 1,350,909
Total comprehensive loss (gain) attributable to:		
Common shareholders	**$ (193,703)**	$ 649,964
Non-controlling interest (Note 9)	**213,918**	262,995
Comprehensive Loss	**$ 20,215**	$ 912,959
Loss per share - basic and diluted	**$ 0.00**	$ 0.00
Weighted average number of shares (Note 10)	**407,660,044**	405,529,414

See accompanying notes to consolidated financial statements.

COPPER FOX METALS INC.

Consolidated Statements of Changes in Equity

Year ended October 31, 2015 and October 31, 2014

	Share Capital	Warrants	Contributed Surplus	NCI	Currency Translation Reserve	Deficit	Total Shareholder's Equity
Balance as at October 31, 2014:	$ 74,035,461	$ 196,623	$ 15,823,771	$ 2,592,674	$ 543,026	$ (17,028,781)	**$ 76,162,774**
Currency translation adjustment	-	-	-	-	1,528,683	-	**1,528,683**
Unrealized loss on AFS investment	-	-	-	(2,500)	-	-	**(2,500)**
Reclassification of NCI	-	-	-	(400,869)	-	441,484	**40,615**
Net loss for the period	-	-	-	(211,418)	-	(1,334,980)	**(1,546,398)**
Balance as at October 31, 2015	**$ 74,035,461**	**$ 196,623**	**$ 15,823,771**	**$ 1,977,887**	**$ 2,071,709**	**$ (17,922,277)**	**$ 76,183,174**

	Share Capital	Warrants	Contributed Surplus	NCI	Currency Translation Reserve	Deficit	Total Shareholder's Equity
Balance as at October 31, 2013:	$ 73,259,655	$ 2,424,210	$ 13,993,590	$ -	$ 105,076	$ (15,940,867)	**$ 73,841,664**
Options exercised	775,806	-	(397,406)	-	-	-	**378,400**
Warrants expired	-	(2,227,587)	2,227,587	-	-	-	**-**
Currency translation adjustment	-	-	-	-	437,950	-	**437,950**
Acquisition of Carmax shares	-	-	-	2,855,669	-	-	**2,855,669**
Net loss for the period	-	-	-	(262,995)	-	(1,087,914)	**(1,350,909)**
Balance as at October 31, 2014	**$ 74,035,461**	**$ 196,623**	**$ 15,823,771**	**$ 2,592,674**	**$ 543,026**	**$ (17,028,781)**	**$ 76,162,774**

See accompanying notes to consolidated financial statements.

COPPER FOX METALS INC.

Consolidated Statements of Cash Flows

Year ended October 31, 2015 and October 31, 2014

	Year ended	
	October 31, 2015	October 31, 2014
Cash Provided By (Used in):		
Operations:		
Net loss	**$ (1,546,398)**	$ (1,350,909)
Deferred income tax recovery	**(363,954)**	(1,382,535)
Depreciation, amortization and accretion	**35,929**	42,391
Share based compensation	**53,006**	259,610
Changes in non-cash working capital	**(285,181)**	116,144
Net Cash Used in Operating Activities	**(2,106,598)**	(2,315,299)
Investing:		
Investments	**-**	(1,237,025)
Cash received from acquisitions	**-**	173,964
Mineral property expenditures	**(2,088,127)**	(5,951,229)
Acquisition of property and equipment	**-**	(4,261)
Changes in non-cash working capital	**168,669**	296,690
Net Cash Used in Investing Activities	**(1,919,458)**	(6,721,861)
Financing:		
Receipt of Mineral Exploration Tax Credit	**3,807,680**	-
Proceeds from issue of shares and warrants	**103,443**	1,779,688
Net Cash From Financing Activities	**3,911,123**	1,779,688
Increase in cash and cash equivalents during the year	**(114,933)**	(7,257,472)
Effect of translation of foreign currency cash	**(10,450)**	111,756
Cash and cash equivalents, beginning of year	**1,654,521**	8,800,237
Cash and Cash Equivalents, End of Year	**$ 1,529,138**	$ 1,654,521

See accompanying notes to consolidated financial statements.

1. Reporting Entity and Nature of Operations

Copper Fox Metals Inc. ("**Copper Fox**" or the "**Company**") was incorporated under the Business Corporations Act of Alberta. On July 14, 2010 the Company transferred its registration from Alberta and became incorporated under the Business Corporations Act of British Columbia. The Company is engaged in the exploration for and development of copper mineral properties in Canada and the United States. Copper Fox's shares trade on the TSX Venture Exchange ("**TSX:V**") under the trading symbol CUU. To date, the Company has not earned any revenue from these operations and is considered to be in the exploration and evaluation stage. The Company recognizes the potential need to obtain debt or equity financing to fund future exploration programs. There is no guarantee the Company will be successful in raising additional funds.

The Company maintains its head office at 340 – 12 Avenue SW, Suite 650, Calgary, Alberta. These consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries.

2. Basis of Presentation and Significant Accounting Policies

Statement of Compliance

These consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards (**"IFRS"**).

These consolidated financial statements were approved for issue by the Board of Directors on February 25, 2016.

Basis of Measurement

These consolidated financial statements have been prepared under the historical cost basis.

Jointly Controlled Assets and Operations

A significant portion of the Company's mining activities include jointly controlled assets and liabilities. These consolidated financial statements include the Company's share of the jointly controlled assets and liabilities.

Functional Currency and Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate and is normally the currency in which the entity primarily generates and expends cash. The functional and reporting currency of Copper Fox is the Canadian Dollar. Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in earnings.

Financial statements of the foreign subsidiaries included in the consolidated financial statements where the functional currency is other than the Canadian dollar are translated using their functional currency which is the respective local currency. The translation is performed using the current rate method, in which all amounts are translated to the reporting currency using the rates of exchange prevailing on the balance sheet date. Net exchange gains or losses resulting from the translation of foreign financial statements are recognized in comprehensive income or loss.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements, along with reported amounts of income and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis by management. Revisions are recognized in the period in which the estimates are revised and in any future periods so affected.

Significant Judgements in Applying Accounting Policies

Critical judgements required in applying the Company's accounting policies that would have the most significant impact on the Company's financial statements include: commencement of commercial production, determination of control and significant influences, determination of functional currency, accounting for acquisitions, capitalization of exploration and evaluation costs, determination of economic viability of a project, recognition of deferred taxes and evaluation of contingencies.

The following are areas where significant estimations and measurements are uncertain:

(i) Mineral Property and Exploration and Evaluation Assets

The measurement and impairment of mineral properties are based on various judgments. These include the technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves and/or resources, future mineral prices and operating and capital expenditures for the properties.

Key Sources of Estimation Uncertainty

Significant accounts that require estimates as the basis for determining the stated amounts included, but are not limited to, accounting for share-based payment, exploration credits, provision for income taxes, anticipated costs of asset retirement obligations and the valuation of deferred income tax assets, mineral property interests and exploration and evaluation expenditures.

(i) Taxation

Tax provisions are recognized to the extent that it is probable that there will be future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Company.

Deferred tax assets are recognized to the extent that certain taxable losses or deferred expenditures will be utilized by the Company to reduce future taxes payable. The amount of deferred tax assets recognized, if any is based on objective evidence that the Company will generate sufficient future taxable income to utilize these deferred tax assets, as well as the expected future tax rates that will be apply to these assets.

Changes to the Company's ability to generate sufficient taxable income or changes to enacted tax rates could result in the recognition of deferred tax assets.

(ii) Share-Based Compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and share purchase warrants granted. This model requires management to estimate the volatility of the Company's future share price, risk-free interest rates, expected useful life of stock options and future dividend yields. Consequently, there is significant measurement uncertainty when the share-based compensation expenses are reported.

(iii) Decommissioning Liabilities

Amounts recorded for the decommissioning obligations and related accretion expense require assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, inflation estimates, future removal technologies, determining the removal cost and the estimate of the liability's specific discount rates used to determine the present value of future cash flows.

(iv) Exploration Credits

Tax credits related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits.

The calculation of the Company's credits involves estimation and judgment of certain items whose tax treatment cannot be conclusively determined until a notice of assessments and subsequent payments have been received from the relevant taxation authority.

Differences arising between the final assessment and the original assumptions made could necessitate adjustments to the mining tax credit and the corresponding future income tax expense.

The amounts recognized in the Company's financial statements are a result management's best estimation and judgment, as described above. However, the ongoing review by the taxation authority and the inherent uncertainty regarding the outcome of these reviews may result in a difference between the final decision by the taxation authority and the original accounting estimates made by the Company, which could impact on the Company's financial position and its cash flows.

(v) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the period when the new information became available.

(vi) Mineral Property Interests

Even though the Company has taken all available steps to verify title to the mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers unknown to the Company, which could affect title.

Basis of Consolidation

The financial statements of the Company's subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its control over the entity. All significant intercompany transactions and balances have been eliminated. Non-wholly controlled interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-wholly controlled interest consists of the non-controlling interest at the date of the original acquisition plus the non-wholly controlled interests' share of changes in equity since the date of acquisition. All of the Company's material subsidiaries are wholly owned except for Carmax Mining Corp. (**"Carmax"**), of which the Company owns 50.97% of the common outstanding shares. These consolidated financial statements include 100% of the assets and liabilities related to Carmax and include a non-controlling interest representing 49.03% of Carmax's assets and liabilities not owned by the Company. Accounting policies are applied consistently throughout all consolidated entities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or fully redeemable without penalty when acquired.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, investments, trade and other payables. The fair values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity of these instruments.

The Company classifies financial assets and liabilities as fair value through profit and loss, available for sale, held to maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition.

Financial assets and liabilities classified as fair-value-through-profit-and-loss are measured at fair value, with gains and losses recognized in operations. Financial assets classified as held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized in other comprehensive income or loss until realized, or if impaired, the unrealized gain or loss is then recorded in earnings.

Investments

Investments in companies over which the Company exercises neither control nor significant influence are recorded at cost. The Company evaluates the carrying value of its equity investments at a minimum annually or more frequently should economic events dictate such action. If there has been a decline in the value of an investment, other than a temporary decline, the investment is written down to its market value and the impairment is recorded in earnings.

Exploration and Evaluation Assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and recorded as mineral properties. Exploration expenditure relates to the initial search for deposits with economic potential.

The recovery of the carrying amount of exploration and evaluation assets is dependent upon the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values.

Decommissioning Liabilities and Reclamation Costs

The Company recognizes and records the fair value of the liability for a future retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related asset using the present value of the estimated future cash outflows. The liability is subsequently adjusted for the passage of time and the increase in the carrying value of the asset is amortized using the straight line method. The liability is also adjusted for the changes to the current market based discount rate, or the amount or timing of the underlying cash flows needed to settle the obligation.

The operations of the Company may be affected from time to time by changes in environmental regulations, including those for future rehabilitation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company may vary from region to region and are not entirely predictable. The Company’s policy is to meet standards set by relevant legislation and by the application of technically proven and economically feasible measures. Expenditures relating to ongoing environmental and reclamation programs are recorded to earnings as incurred or capitalized and amortized, depending upon their future economic benefits.

Property and Equipment

Property and equipment is stated at cost, which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

Amortization of property and equipment is calculated using the declining balance method, net of any estimated residual value, over their estimated useful lives as follows:

Building	useful life
Furniture and equipment	5 years
Heavy equipment	3 years
Computer equipment	3 years

Impairment of Long-Lived Assets

At each reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The recoverable amount is the higher of the assets' fair value less cost to sell or value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in earnings for that period. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the net present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and can only take into account approved future development costs. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of commodity prices and expected production volumes. The latter takes into account assessments of mineral resources and includes expectations about proved and unproved volumes, which are risk-weighted utilizing geological, production, recovery and economic projections.

Contingent Liabilities

The Company has the potential to be involved in various claims, assessments, investigations and legal proceedings that arise from time to time in the ordinary course of its business, including matters involving tax and other issues. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur and a reasonable estimate of the loss can be made, an estimated liability would be accrued. The Company would accrue a liability when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company reviews these accruals quarterly and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. Currently the Company does not have any accrued contingent liabilities.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in earnings, except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Additionally, deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Payments

The Company applies the fair value method to share-based payments for all options granted. The fair value is measured at the grant date and each vesting tranche is recognized as a separate award. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds, together with the related contributed surplus amounts which are credited to share capital through contributed surplus.

Earnings per share

Basic earnings per share are calculated by dividing net earnings or losses available to the shareholders by the weighted average number of common shares outstanding for the year. Diluted earnings per share are calculated to reflect the dilutive effect of exercising outstanding stock options and warrants by application of the treasury stock method. Outstanding stock options and share purchase warrants that would potentially dilute basic earnings per share have not been included in the computation of diluted earnings per share because to do so would be anti-dilutive.

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) *Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables:*

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At October 31, 2015 and October 31, 2014, the fair value of these balances approximated their carrying value due to their short term to maturity.

(ii) *Stock Options:*

The fair values of employee stock options are measured using the Black Scholes option pricing model. Measurement inputs include the share price on the measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on 5 year government bonds).

3. Recent Accounting Pronouncements

The IASB issued a number of new and revised accounting standards that are effective for annual periods beginning on or after January 1, 2016. These standards include the following:

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements;
- IFRS 11, Business Combinations in a Joint Operation
- Amended IAS 16 and IAS 38, Methods of Depreciation
- Amended IAS 28, Investments in Associates and Joint Ventures; and

These new and revised accounting standards have been adopted by Copper Fox and the Company has determined there is no impact on the amounts recorded in its financial statements as at October 31, 2015.

On November 1, 2014, the Company adopted IFRIC 21 Levies. IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that no liability should be recognized before the specified minimum threshold to trigger that levy is reached. The adoption of this standard had no impact on the amounts in these consolidated financial statements.

4. Investments

Copper Fox holds 29,342 shares of Liard Copper Mines Ltd. ("**Liard**"), a private company incorporated in British Columbia. These shares are recorded at a cost with a value of $759,305. Liard holds a 30% net proceeds interest royalty in the Schaft Creek project. The shares held by Copper Fox are in addition to the shares held by the Schaft Creek joint venture with Teck Resources Limited (Operator) and represent approximately 1.55% of the issued and outstanding shares of Liard.

Through Carmax, the Company holds 100,000 common shares in Alexandra Minerals Corporation, an incorporated public company, quoted at market value of $2,500.

5. Exploration and Evaluation Assets

	Balance October 31, 2014	Additions	Balance October 31, 2015
Arizona Properties:			
Van Dyke Project:			
Acquisition of property rights	$ 2,585,093	$ -	$ 2,585,093
Technical analysis	4,590,127	854,218	5,444,345
Licenses and permits	56,029	-	56,029
Foreign exchange	272,258	1,242,678	1,514,936
Total Van Dyke Project	**7,503,507**	**2,096,896**	**9,600,403**
Sombrero Butte Project:			
Acquisition of property rights	$ 847,819	$ -	$ 847,819
Technical analysis	167,304	395,221	562,525
Licenses and permits	64,466	-	64,466
Foreign exchange	86,712	206,974	293,686
Total Sombrero Butte Project	**1,166,301**	**602,195**	**1,768,496**
Desert Fox Minerals Project:			
Technical analysis	$ -	$ 48,853	$ 48,853
Total Desert Fox Minerals Project	**-**	**48,853**	**48,853**
Total Arizona Properties	**$ 8,669,808**	**$ 2,747,944**	**$ 11,417,752**
British Columbia Properties:			
Schaft Creek:			
Acquisition of property rights	$ 3,053,755	$ -	$ 3,053,755
Technical analysis	61,816,854	22,900	61,839,754
Licenses and permits	106,623	-	106,623
Sub-total Schaft Creek	64,977,232	22,900	65,000,132
BC Mineral Exploration Tax Credit	(4,427,812)	856,634	(3,571,178)
Total Schaft Creek	**60,549,420**	**879,534**	**61,428,954**
Eaglehead:			
Technical analysis	3,005,454	797,541	3,802,995
Total Eaglehead	**3,005,454**	**797,541**	**3,802,995**

Total British Columbia Properties	**$ 63,554,874**	**$ 1,677,075**	**$ 65,231,949**
Total Mineral Properties	**$ 72,224,682**	**$ 4,425,019**	**$ 76,649,701**

	Balance October 31, 2013	Additions	Balance October 31, 2014
Arizona Properties:			
Van Dyke Project:			
Acquisition of property rights	$ 2,559,781	$ 25,312	$ 2,585,093
Technical analysis	451,963	4,138,164	4,590,127
Licenses and permits	48,078	7,951	56,029
Foreign Exchange	21,883	250,374	272,258
Total Van Dyke Project	**3,081,705**	**4,421,802**	**7,503,507**
Sombrero Butte Project:			
Acquisition of property rights	$ 701,205	$ 146,614	$ 847,819
Technical analysis	96,426	70,878	167,304
Licenses and permits	38,511	25,955	64,466
Foreign Exchange	22,777	63,935	86,712
Total Sombrero Butte Project	**858,919**	**307,382**	**1,166,301**
Total Arizona Properties	**$ 3,940,624**	**$ 4,729,184**	**$ 8,669,808**
British Columbia Properties:			
Schaft Creek:			
Acquisition of property rights	$ 3,053,755	$ -	$ 3,053,755
Technical analysis	61,750,009	66,845	61,816,854
Licenses and permits	106,623	-	106,623
Sub-total Schaft Creek	64,910,387	66,845	64,977,232
BC mineral exploration tax credit	(4,427,812)	-	(4,427,812)
Total Schaft Creek	**60,482,575**	**66,845**	**60,549,420**
Eaglehead:			
Technical analysis	-	3,005,454	3,005,454
Total Eaglehead	**-**	**3,005,454**	**3,005,454**
Total British Columbia Properties	**$ 60,482,575**	**$ 3,672,299**	**63,554,874**
Total Mineral Properties	**$ 64,423,199**	**$ 7,801,483**	**$ 72,224,682**

During the year ended October 31, 2013, the Company entered into an agreement with Teck Resources Limited ("**Teck**") to jointly develop the Schaft Creek project in northwestern British Columbia. The agreement replaced and superseded the 2002 option agreement between Teck and Copper Fox in connection with the Schaft Creek project and gave Teck a 75% interest and Copper Fox a 25% interest in the Schaft Creek project, with Teck being the operator.

In addition to Copper Fox's interest in the Schaft Creek Joint Venture, Copper Fox holds, through Desert Fox Copper Inc. ("**Desert Fox**") and its wholly-owned subsidiaries, the Sombrero Butte Copper Project located in the Bunker Hill District, Pinal County., Arizona and the Van Dyke Copper Project located in the

Globe-Miami District, Gila County., Arizona.

The Company also holds a controlling interest in Carmax which holds the Eaglehead property located in northwestern British Columbia (see Note 9).

For the year ended October 31, 2015 the Company capitalized $71,222 (October 31, 2014 - $131,927) for technical services provided by its officers and directors.

As at October 31, 2014, the Company had recorded a British Columbia Mineral Exploration Tax Credit (**"BCMETC")** claim receivable in the amount of $4,427,812, which was recorded on the balance sheet through a reduction of exploration and evaluation expenditures. On March 12, 2015, The Company received $3,521,198 of this refund. Furthermore, on October 20, 2015, the 2013 BCMETC assessment was agreed to and finalized by the Company. As a result of this assessment, $856,634 of the BCMETC was written off due to expenses not qualifying under the Provincial Tax Act. The remaining balance of $49,980 was deemed allowable and a receivable for this amount has been recorded as at October 31, 2015.

6. Property and Equipment

Description	Cost	Accumulated Amortization	Net Book Value October 31, 2015	Net Book Value October 31, 2014
Asset retirement obligation	$ 140,740	$ 79,612	**$ 61,128**	$ 82,537
Buildings	137,250	81,689	**55,561**	61,735
Computer equipment	82,544	68,242	**14,302**	20,432
Field equipment	8,500	8,500	**-**	771
Furniture & equipment	46,887	38,578	**8,309**	10,386
Heavy equipment	173,332	158,978	**14,354**	20,504
Total	**$ 589,253**	**$ 435,599**	**$ 153,654**	**$ 196,365**

Property and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

7. Decommissioning Liabilities

The Company's decommissioning liabilities relate to the Company's share of reclamation and closure costs for the Schaft Creek and Eaglehead properties. The total decommissioning liability is based on the Company's estimated costs to reclaim the property and facilities along with the estimated timing costs to be incurred in future years.

The Company has estimated the net present value of its share of the decommissioning liabilities of Schaft Creek to be $173,302 as at October 31, 2015 (October 31, 2014 - $179,877) based on an undiscounted and inflated future liability of $196,316 (October 31, 2014 - $209,188). These payments are expected to be made in the next 6 years.

The Company's estimated risk free rate of 1.46% (October 31, 2014 – 2.18%) and inflation rate of 2.10% (October 31, 2014 – 2.17%) were used to calculate the present value of the decommissioning liabilities.

The decommissioning provision for the Eaglehead exploration and evaluation asset was estimated by management based on the Company's ownership interest, the estimated timing of the risk adjusted costs to be incurred in future periods and the Company's risk free interest rate of 1.46% at October 31, 2015.

The Company has estimated the net present value of this provision at October 31, 2015 to be $35,467 based on a total undiscounted liability of $36,500. This undiscounted cost was determined by using a risk adjusted rate of inflation of 5% annually. These costs are expected to be incurred in 2017.

Description	Copper Fox	Carmax	Totals
Opening Balance, October 31, 2014:	$ 179,877	$ 34,904	**$ 214,781**
Accretion – Carmax	-	563	**563**
Accretion – Copper Fox	3,324	-	**3,324**
Revisions – Copper Fox	(9,899)	-	**(9,899)**
Balance, October 31, 2015	**$ 173,302**	**$ 35,467**	**$ 208,769**

8. Share Capital

Authorized

Authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, without par value, of which none have been issued. Issued and outstanding shares are as follows:

Common Shares	Number	Amount
Balance, October 31, 2014 and October 31, 2015	**407,660,044**	**$ 74,035,461**

Warrants

Share Purchase Warrants	Number of Warrants	Amount
Balance, October 31, 2014 and October 31, 2015	**3,358,228**	**$ 196,623**

As of October 31, 2015, the Company has warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Fair Value	Number of Warrants	Fair Value Amount
1.00	**April 8, 2016**	**$ 0.0585**	**3,358,228**	**$ 196,623**

Stock Option Plan

The number of shares reserved for issuance under the Company's stock option plan is limited to 10% of the number of shares which are issued and outstanding on the date of a particular grant of options. Under the plan, the Board of Directors determines the term of a stock option (up to a maximum of 10 years), the vesting period of the options and the option exercise price, which shall not be less than the closing price of the Company's share on the TSX:V immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board of Directors as to the recipients, nature and size of the share-based compensation awards, in compliance with applicable securities law, stock exchange and other regulatory requirements.

A summary of changes in the Company's outstanding stock options is presented below:

Balance, October 31, 2014:	**1,650,000**
Forfeited	**(75,000)**
Balance, October 31, 2015	**1,575,000**

Stock options outstanding are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
$1.69	March 2, 2011	March 2, 2016	1,025,000	**1,025,000**
$1.04	April 24, 2012	April 24, 2017	550,000	**550,000**
Total			**1,575,000**	**1,575,000**

9. Non-Controlling Interest

On January 14, 2015 the Company closed a private placement with Carmax by exercising its pre-emptive right to maintain its' pro rata percentage shareholding. The Company paid $109,023 for 2,180,450 Units of Carmax. Each Unit consists of one common share and one common share purchase warrant. The total issued and outstanding shares of Carmax at this time were 60,742,524 of which Copper Fox held 25,566,528 or 42.09%.

On May 1, 2015, the Company closed a $550,000 equity private placement in Carmax. The private placement consisted of 11,000,000 Units at a cost of $0.05 per Unit. Each Unit consisted of one previously unissued common share and one common share purchase warrant of Carmax.

Copper Fox now beneficially owns and controls 36,566,528 of the 71,742,525 issued and outstanding common shares of Carmax, representing 50.97% ownership of Carmax.

The non-controlling interest is as follows:

	Ownership interest not held by Copper Fox at October 31, 2015
Percent owned by Carmax Mining Corp.	**49.03%**

The following is summarized financial information for Carmax before any intercompany elimination:

	Carmax as at October 31, 2015
Total comprehensive loss	$ 389,985
Total Comprehensive Loss Attributable To Non-Controlling Interest	213,948
Current assets	676,802
Non-current assets	9,186,780
Current liabilities	(312,796)
Non-current liabilities	(135,467)
Consolidation fair value adjustments	(5,381,285)
Net assets	4,034,034
Net Assets Attributable To Non-Controlling Interest	**$ 1,977,887**
Cash flows used in operating activities	(333,509)
Cash flows used in investing activities	(348,266)
Cash flows from financing activities	1,118,948
Net Decrease In Cash And Cash Equivalents	**$ 437,173**

10. Weighted Average Number of Shares

Per share amounts are computed by dividing total comprehensive loss for the period by the weighted average number of shares outstanding. In computing per share amounts, the weighted average number of shares outstanding during the year ended October 31, 2015 was 407,660,044 (October 31, 2014 – 405,529,414) common shares. Stock options and warrants granted by the Company have not been

included in the computation of diluted per share amounts as they are anti-dilutive.

11. Related Party Transactions

Copper Fox

As at October 31, 2015, $Nil (October 31, 2014 – $Nil) for management services and technical services were included in accounts payable.

Carmax Mining

At October 31, 2015, included in accounts payable and accrued liabilities is ($3,806) (October 31, 2014 - $102) owing to companies controlled by directors and $4,830 (October 31, 2014 - $7,468) owing to a companies controlled by officers for services rendered to the Company. In addition, for the year ended October 31, 2015 $11,900 (October 31, 2014 - $6,900) was paid in rent to companies controlled by either a director or an officer of Carmax and $73,403 (October 31, 2014 - $91,014) was paid and capitalized to Eaglehead for services rendered by a company controlled by a director.

Promissory Note

On October 28, 2015 Copper Fox entered into a promissory note loan (the **"Loan"**) with Carmax, whereas Copper Fox agreed to lend Carmax up to $400,000, in minimum increments of $50,000, for working capital purposes, as needed. Carmax shall pay interest on the principle, from the disbursement date to the due date, November 30, 2016, at a rate of 1%, compounded monthly.

At any time during the term of the Loan, Copper Fox, at its sole discretion, can convert a portion or all of the loan outstanding, including unpaid interest, into free trading shares of Carmax at a price equal to the greater of $0.05 or the 10-day average trading price, calculated over the period after notice is given, subject to the prior approval of the exchange.

As at October 31, 2015, Copper Fox had loaned Carmax $100,000. This loan outstanding is eliminated upon consolidation of Copper Fox and Carmax.

12. Key Management Compensation

The remuneration of the chief executive officer, chief financial officer, directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company as well as Carmax are as follows:

Description	**October 31, 2015**	October 31, 2014
Director fees	**10,500**	-
Salaries	**589,819**	427,958
Share-based compensation	**38,260**	-
Total	**$ 638,579**	$ 427,958

13. Income Taxes

Reconciliation of the Effective Tax Rate

	October 31, 2015	October 31, 2014
Loss before taxes	**$ (1,910,352)**	$ (2,733,444)
Tax rate	**26.00%**	26.00%
Expected tax recovery	**(496,692)**	(710,695)
Flow through share expense reinstated	**-**	(1,403,073)
Permanent differences	**(3,521)**	421,757
Flow through share liability	**9,000**	-
Rate and other	**(136,630)**	(17,626)
Change in unrecognized deferred tax asset	**263,889**	327,102
Deferred Income Tax Recovery	**$ (363,954)**	**$ (1,382,535)**

Deferred Tax Assets and Liabilities

a) Deferred tax assets have not been recognized in respect of the following items:

	October 31, 2015	October 31, 2014
Deductible temporary differences	**$ 262,254**	$ 1,184,584
Non-capital losses	**531,429**	1,407,768
Totals	**$ 793,683**	**$ 2,592,352**

b) The Company has income tax loss carry-forwards of approximately $7.2 million (October 31, 2014 - $5.6 million). The Company has unrecognized income tax loss carry-forward in Canada of $6.1 million (October 31, 2014 - $4.9 million) and in the US of $1.1 million (October 31, 2014 - $0.7 million). The non-capital losses in Canada expire in the years 2025-2035, and in the US expire in the years 2033-2035.

c) The significant component of the Company's deferred tax assets and liabilities are as follows:

	October 31, 2015	October 31, 2014
Deferred tax Liabilities:		
NCL	**$ 1,089,169**	$ 132,549
Other	**266,723**	206,401
Sub-Total	**1,355,892**	**338,950**
Property and equipment	**(3,422,051)**	(3,448,692)
Other	**(709,566)**	-
Sub-Total	**(4,131,617)**	**(3,448,692)**
Total Deferred Tax Liabilities	**$ (2,775,725)**	**$ (3,109,742)**

d) Movements in the temporary differences during the year are as follows:

	Property and Equipment	**Other**	**NCL**	**Total**
Balance, November 1, 2014	$ (3,188,793)	$ (53,497)	$ 132,548	**$ (3,109,742)**
Recognized in statement of comprehensive loss	(203,258)	(389,346)	956,621	**364,017**
Flow through share premium (Carmax)	(30,000)	-	-	**(30,000)**
Balance, October 31, 2015	**$ (3,422,051)**	**$ (442,843)**	**$1,089,169**	**$ (2,775,725)**

14. Commitments

The Company has a commitment with respect to its office lease in Calgary as follows:

Year Ended	**2016**	**2017**	**2018**	**2019**
Amount	$ 110,682	$ 112,031	$ 116,078	$ 87,058

The Company is also committed to pay the balance outstanding of US $260,000 (CDN $340,158) under the Sombrero Butte acquisition agreement. The next payment of US $130,000 (CDN $170,079) is due on

October 15, 2016 and the final payment of US $130,000 is due on October 15, 2017.

In the Schaft Creek Joint Venture agreement, the Company is responsible for 25% of pre-production costs beyond the initial $60 million of costs to be incurred by Teck and 25% of capital costs following a production decision. Copper Fox's pro rata share of any pre-production costs in excess of $60 million will be funded by Teck by using the two remaining direct cash payments, totaling $40 million, payable to Copper Fox. These payments are based on certain project milestones being achieved and the costs incurred by the Company will offset the amounts remaining from Teck. If pre-production expenditures on the Schaft Creek project exceed $240 million, the two cash payments payable to Copper Fox would be reduced to zero and Teck would fund any additional costs incurred prior to a production decision, if required, by way of loan to Copper Fox to the extent of its pro rata share, without dilution to Copper Fox's 25% joint venture interest.

15. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, investment and trade and other payables.

Determination of Fair Value

Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash and cash equivalents, trade and other receivables and trade and other payables on the balance sheet approximate their fair value because of the limited term of these instruments.

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- *Level 1* – observable inputs such as quoted prices in active markets. The Company's investment through its ownership of Carmax in Alexandria Minerals is a Level 1 instrument;

- *Level 2* – inputs, other than the quoted market prices in active markets, which are observable, either directly and or indirectly; and

- *Level 3* – unobservable inputs for the asset or liability in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Company's direct investment in Liard is a level 3 instrument.

The Company's activities expose it to a variety of financial risks, which arise as a result of its exploration, development, production and financing activities. These include:

- Credit risk
- Market risk
- Liquidity risk

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from partners and tax authorities. The maximum exposure to credit risk at October 31, 2015 is $233,762 (October 31, 2014 - $4,904,951) which is comprised of the BC Mining Exploration Tax Credit receivable, GST receivable and accounts receivable.

Market Risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's return.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. During the year ended October 31, 2015 the Company was involved with preliminary exploration activities in the United States. As such, the Company is exposed to fluctuations in the United States dollar exchange rates compared to Canadian dollar exchange rates.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As of the balance sheet date, the Company is exposed on its cash and cash equivalents.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by the relationship between the Canadian dollar and United States dollar as well as the global economic events that dictate levels of supply and demand.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities consist of accounts payable and accruals. Accounts payable consists of invoices payable to trade suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period of approximately 30 days. Accounts payable have contractual maturities of less than one year. The Company maintains and monitors a certain level of cash flow which is used to finance all operating and capital expenditures.

Due to its US activities, the Company has an exposure to foreign currency exchange rates. The carrying values of US dollar denominated monetary assets and liabilities are subject to foreign exchange risk.

As at October 31, 2015, the Company had $46,083 in US denominated cash balances.

Capital Management

The Company's capital structure includes working capital and shareholders' equity. The Company is largely reliant on junior resource venture capital markets for additional financing requirements.

16. Geographic Segments

	Year Ended	
	October 31, 2015	October 31, 2014
Net Loss Before Taxes:		
Canada	**$ 1,635,523**	$ 2,050,480
United States	**274,829**	682,964
Total	**$ 1,910,352**	$ 2,733,444
Capital Expenditures:		
Canada	**$ 1,677,078**	$ 2,030,115
United States	**1,298,292**	4,729,184
Total	**$ 2,975,370**	$ 6,759,299

	October 31, 2015	October 31, 2014
Total Assets:		
Canada	**$ 68,058,237**	$ 71,204,534
United States	**11,543,222**	8,863,089
Total	**$ 79,601,459**	$ 80,067,623

17. Subsequent Events

Flow-Through and Equity Financing

On December 2, 2015, the Company agreed to complete a non-brokered private placement (the **"Offering"**) for up to $1,500,000 in flow-through funds and $75,000 from the sale of common shares on a non-flow-through basis. The Offering will consist of 8,823,528 flow-through common shares at a price of $0.17 per flow-through common share and 576,923 common shares at a price of $0.13 per common share. The flow-through common shares will be 100% eligible for "Canadian exploration expenses" (CEE) as defined by the *Income Tax Act* (Canada).

The Company has agreed to pay a finder's fee to Secutor Capital Management Corporation at closing equal to 5% of the gross proceeds raised in the Offering.

The Offering closed on December 29, 2015, raising gross proceeds of $1,575,000.

Purchase of Carmax Shares

On January 12, 2016, the Company indirectly acquired an additional 30,000,000 common shares of Carmax on a flow through basis for a total cost of $1,500,000, thereby increasing to Company's ownership of Carmax to 65.4%.

Contingency

During the year ended October 31, 2015, a former employee filed suit for wrongful dismissal. The Company believes the allegations are without merit and the Company intends to vigorously defend itself against this claim. Due to the outcome of the claim being unlikely and not measurable, no contingent liability has been recorded.