

# COPPER FOX METALS INC.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2012

June 14, 2012

## **Introduction**

This management's discussion and analysis ("MD&A") should be read in conjunction with Copper Fox Metals Inc.'s (the "Company" or "Copper Fox") unaudited interim financial statements for the three and six months ended April 30, 2012 and related notes thereto and the audited annual financial statements for the year ended October 31, 2011 and related notes thereto and management discussion and analysis thereon. Technical information contained in this MD&A has previously been disseminated by way of news release and is filed on Sedar at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.copperfoxmetals.com](http://www.copperfoxmetals.com). The reader should be aware that historical results are not necessarily indicative of future performance (readers should refer to "Forward Looking Statements" on page 11). The effective date of this MD&A is June 14, 2012. All amounts are in Canadian dollars unless otherwise stated.

## **Description of Business**

Copper Fox is a Canadian-based resource development company listed on the TSX Venture Exchange (TSX-V:CUU) with a corporate office in Calgary and an operations office in Vancouver and is involved in the exploration and development of the Schaft Creek copper-gold-molybdenum-silver deposit located in northwest British Columbia, Canada.

The Company is working on completing a feasibility study on the Schaft Creek mineral deposit, one of the largest undeveloped copper, gold, molybdenum and silver deposits in North America. The feasibility study is being led by Tetra Tech Wardrop on a minimum 120,000 tpd open pit mine and is expected to be completed mid-late summer, 2012.

Copper Fox holds title and a 100% working interest in the Schaft Creek project consisting of 52,843.34 hectares (130,579 acres). Included in this total are the "Schedule A" mineral tenures originally conveyed to Copper Fox pursuant to the option agreement dated January 1, 2002 between Teck Resources Limited ("Teck") and Copper Fox (the "Teck Option Agreement"), which consist of 8,334.34 hectares (20,594 acres). The "Schedule A" mineral tenures are subject to a 3.5% Net Profits Interest held by Royal Gold, Inc., a 30% carried Net Proceeds Interest held by Liard Copper Mines Limited ("Liard") and, together with the additional mineral tenures obtained by Copper Fox within the "Area of Interest" provided for in the Teck Option Agreement, an earn back option held by Teck. On completion of the feasibility study, Copper Fox will earn Teck's 78% interest in Liard. Teck's earn back option to acquire either, 20%, 40% or 75%, of Copper Fox's interest in the Schaft Creek property is triggered upon delivery of a positive feasibility study to Teck. Should Teck elect to exercise its option for 75%, Teck is required to fund subsequent property expenditures up to a total of 400% of those incurred by Copper Fox (\$76.6 million to April 30, 2012) and arrange for project financing, including the Copper Fox portion. For full details of the Teck earn back option please refer to the Company's website [www.copperfoxmetals.com](http://www.copperfoxmetals.com).

The remainder of Copper Fox's registered interests in mineral tenures in British Columbia total 44,509 hectares (109,984 acres). These interests have been acquired by Copper Fox through mineral tenure acquisitions and mineral tenure purchase agreements subsequent to Copper Fox entering into the Teck Option Agreement. Certain portions of these registered mineral tenures are subject to inclusion within the Schaft Creek project pursuant to the terms of the "Area of Interest" provisions of the Teck Option Agreement.

## Highlights for the Quarter Ended April 30, 2012

### Resource Estimate

Subsequent to the end of the quarter, in May 2012, Tetra Tech Wardrop ("Tetra Tech") completed the updated Resource Estimate for the Schaft Creek deposit including the Paramount and Liard zones. For a more detailed review of the updated Resource Estimate, please see Copper Fox's news release dated May 31, 2012. Highlights for the updated Resource Estimate are:

- a) The Measured Resource is 146.6 million tonnes grading 0.31% copper, 0.017% molybdenum, 0.24g/t gold and 1.78g/t silver containing 1.0 billion pounds copper, 55.6 million pounds molybdenum, 1.15 million ounces gold and 8.40 million ounces silver;
- b) The Indicated Resource is 1.08 billion tonnes grading 0.26% copper, 0.017% molybdenum, 0.18g/t gold and 1.68g/t silver containing 6.1 billion pounds copper, 399.7 million pounds molybdenum, 6.22 million ounces gold and 58.34 million ounces silver;
- c) The combined Measured and Indicated Resource are 1.23 billion tonnes grading 0.26% copper, 0.017% molybdenum, 0.19g/t gold and 1.69g/t silver containing 7.11 billion pounds copper, 455.3 million pounds molybdenum, 7.37 million ounces gold and 66.74 million ounces silver; and
- d) The Inferred Resource is 597.2 million tonnes grading 0.22% copper, 0.016% molybdenum, 0.17g/t gold and 1.65g/t silver containing 2.87 billion pounds copper, 206.3 million pounds molybdenum, 3.36 million ounces gold and 31.60 million ounces silver.

Copper Fox has selected the 0.15% copper equivalent ("Cu Eq.") cut-off for its base case resource estimate (see Table-1) for the Schaft Creek deposit. The 0.15% copper equivalent is the minimum grade of copper equivalent estimated by Tetra Tech required (using the estimated copper recovery rate, the milling and sales cost) to break-even on an operating cost per tonne basis.

**Table-1: Mineral Resource Estimate – Schaft Creek Deposit**  
**Robert Morrison - Ph.D., MAusIMM (CP), P.Geo., Effective Date: May 23<sup>rd</sup>, 2012**

Resource Category	Cut-off CuEq (%)	Tonnes	Copper (%)	Molybdenum (%)	Gold (g/t)	Silver (g/t)	Contained Metal			
							Cu (Lbs)	Mo (Lbs)	Au (ozs)	Ag (ozs)
Measured	0.15	146,615,300	0.31	0.017	0.24	1.78	1,001,824,600	55,624,000	1,149,100	8,402,700
Indicated	0.15	1,081,939,500	0.26	0.017	0.18	1.68	6,104,400,000	399,718,500	6,218,000	58,335,500
Measured & Indicated	0.15	1,228,554,800	0.26	0.017	0.19	1.69	7,106,224,600	455,342,500	7,368,000	66,738,200
Inferred	0.15	597,191,300	0.22	0.016	0.17	1.65	2,872,034,300	206,252,100	3,359,600	31,601,400

The mineral resources were estimated using criteria consistent with the CIM Definition Standards (2010) and in conformity with CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice" (2003) guidelines. The Base Case numbers in the above table has been rounded to reflect "Best Practice Principles" as established by the CIM.

The increase in resources and contained metal reported in the updated Resource Estimate is due in part to the positive drilling results from the 2011 exploration program and to the variation in methodology used between the 2011 and 2012

resource estimates. The updated resource estimate prepared by Tetra Tech reports an insitu estimate of the mineral resource categories for the Schaft Creek deposit whereas the resource estimate prepared in 2011 was completed using an optimized pit shell which was prepared using various economic parameters (see News Release dated July 11, 2011)-As part of its work in completing the Feasibility Study, Tetra Tech is preparing a new optimized pit shell design based on economic parameters that will incorporate the updated resource estimate.

### **Cautionary Note to Investors**

While the terms "measured (mineral) resource", "indicated (mineral) resource" and "inferred (mineral) resource" are recognized and required by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, investors are cautioned that except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded into mineral reserves. Additionally, investors are cautioned that inferred mineral resources have a high degree of uncertainty as to their existence, as to whether they can be economically or legally mined, or will ever be upgraded to a higher category.

### **Feasibility Study**

During the three months ended April 30, 2012, Copper Fox was advised by Tetra Tech that, due to manpower shortages and scheduling difficulties of staff, the March 31<sup>st</sup> timeline for completion of the Feasibility Study would not be achieved. The delay in completing the Mine Plan, a critical component in the Feasibility Study, has delayed the completion of the Feasibility Study. The detailed mine plan provides information such as productivity, delivery schedules and operating costs related to a proposed mining operation at Schaft Creek. The detailed mine plan is required to complete the economic analysis and sensitivity of the Schaft Creek project for the Feasibility Study. The results of the updated Resource Estimate will be incorporated into the Feasibility Study which is now scheduled for completion in mid-late summer, 2012. The other portions of the work required to complete the Feasibility Study have either been completed or are nearing completion.

### **Property Acquisition**

During and subsequent to the end of the Quarter, the Company acquired several groups of mineral tenures which comprise 18,534.7 ha (71 mineral tenures) that are contiguous to the Schaft Creek project. These acquisitions were completed to acquire land along strike of the Schaft Creek deposit.

### **Option to Purchase**

During the Quarter Copper Fox acquired an option to purchase two separate mineral tenures and a contiguous group of five mineral tenures located south and west of the Schaft Creek project. Completion of the proposed transaction is subject a field visit to verify the reported historical exploration results. A considerable amount of historical exploration has been completed on these mineral tenures. Copper mineralization is reported to occur as disseminations and veinlets in potassic altered quartz monzonite, syenite, quartz stockwork, tourmaline stockwork, carbonate veining and amphibolite (possibly mafic dikes). Copper grades range from less than 0.01% to 10%, gold values range from less than 0.01 g/t to 2.7 g/t and silver values range from less than 0.5 g/t to 24.1 g/t. Recent sampling shows molybdenum values that range from 0.017% to 0.038%. The data from these mineral tenures show many similarities to the southern portion of the Paramount zone in the Schaft Creek deposit.

### Future Operations

Copper Fox plans to complete the Feasibility Study as soon as possible with an expected completion in mid-late summer 2012. In addition, work related to the preparation on the Environmental Assessment Application for the Schaft Creek project is underway. The information from the Feasibility Study such as mine plan, waste dumps etc. will be incorporated in to the Environmental Assessment Application.

Copper Fox needs to finalize the level of exploration to be completed at Schaft Creek during 2012. Completion of the Feasibility Study on the Schaft Creek deposit is our primary focus over the next few months as well as preparation of the Environmental Assessment Application.

Elmer B. Stewart, MSc. P. Geol., President of Copper Fox, the Company's nominated Qualified Person pursuant to National Instrument 43-101, Standards for Disclosure for Mineral Projects, has reviewed the technical information disclosed in the preceding paragraphs.

### Period Overview

#### Revenues

The Company has no income producing assets and has not reported revenue from operations for any of the quarters ended April 30, 2012 and April 30, 2011. The Company is considered to be in the exploration and development stage.

#### Expenses

During the quarter ended April 30, 2012 Copper Fox incurred expenses of \$514,292 compared to \$2,388,520 for the quarter ended April 30, 2011. A comparison of the expenses incurred by Copper Fox for the three months ended April 30, 2012 and April 30, 2011 is set out below.

	2012	2011
Expenses:		
Administration	\$ 219,279	\$ 286,337
Amortization and accretion	35,387	38,657
Professional fees	147,908	170,962
Processing fees	62,676	70,804
Rent	5,672	7,723
Stock based compensation	4,983	1,765,758
Travel	38,387	48,279
Loss before income taxes	\$ 514,292	\$ 2,388,520

The decrease in expenses from the quarter ended April 30, 2011 to April 30, 2012 is mainly due to a decrease in stock based compensation which does not affect the cash flow of the Company and a reduction in administration expense.

### **Loss**

Copper Fox incurred a net loss and comprehensive loss for the three and six months ended April 30, 2012 of \$514,292 (2011 - \$2,761,645) and \$1,068,545 (2011 - \$3,488,478).

### **Loss per Share**

Loss per share is computed by dividing net loss for the period by the weighted average number of shares outstanding. In computing loss per share the weighted average number of shares outstanding during the three and six months ended April 30, 2012 was 387,243,477 (2011 – 367,998,402) and 382,679,100 (2011 – 364,958,388) common shares. Stock options and warrants granted by the Company during this period have not been included in the computation of loss per share as they are anti-dilutive.

The loss per share for the three and six months ended April 30, 2012 was (\$0.00) (2011 – (\$0.00)) and (\$.01) (2011 – (\$0.01)).

### **Cash Position**

At April 30, 2012, the Company had a working capital of \$44,631 and a deficit of \$15,081,884 and incurred a net loss of \$514,292 and \$1,068,545 for the three and six months ended April 30, 2012. Although during the six months ended April 30, 2012 the Company received \$6,542,127 in proceeds on private placements and the exercise of warrants and options additional funds will be required to complete the current planned activities. Subsequent to April 30, 2012, a company controlled by a Director loaned the Company \$2,000,000. The loan bears no interest and has no fixed terms of repayment.

### **Mineral Properties**

During the first quarter of October 31, 2009, the Company wrote down the carrying value of its mineral property by \$31 million based on the implied fair value of a proposed board approved transaction which was subsequently terminated due to non-performance by the other party. As at November 1, 2010, there were significant increases in the market value of the Company and the property value when compared to the first quarter of October 31, 2009. The Company considered this to be an indicator of impairment reversal for its mineral properties. Based on this assessment, the Company determined that the previous impairment should be reversed.

### **Total Assets**

Total assets of the Company at April 30, 2012 are \$79,846,492 (October 31, 2011 - \$76,300,098). Since 2005, Copper Fox has incurred approximately \$76.6 million to April 30, 2012 in qualifying expenditures as per the Option Agreement with Teck to collect the data, complete studies and the engineering work required to complete the Feasibility Study on the Schaft Creek deposit.

## Selected Financial Information

### Liquidity and Capital Resources

Copper Fox operates in a capital intensive industry in which the demands for capital to finance exploration and development of its Schaft Creek property as well as corporate overheads generally occur far in advance of the project being put into production and generating cash flow. The financial requirements of Copper Fox related to development of the Schaft Creek project are mitigated to some extent by the obligations of Teck should they exercise their earn back right on the Schaft Creek property (see "Description of Business" above).

The Company's working capital, defined as current assets less current liabilities, was \$44,631 at April 30, 2012.

During the six months ended April 30, 2012, the Company raised a total of \$6,542,127 from the completion of private placements totaling \$6,200,000, 725,000 options exercised for total proceeds of \$248,002 and 126,833 warrants for total proceeds of \$95,125. In addition, the Company issued 1,272,727 common shares for repayment of the balance of this loan of \$1,400,000. Additional funds will be required to complete the current planned activities and the Company may need additional equity in order to develop the project (Refer to Teck Earn Back Option).

As of April 30, 2012, 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	Exercise Amount
1.50	30-Sep-12	0.19	1,851,852	344,335	2,777,778
1.50	31-Oct-12	0.42	1,481,482	615,259	2,222,223
1.35	13-Dec-12	0.48	3,278,689	1,587,604	4,426,230
1.25	30-Jan-13	0.42	2,000,000	845,919	2,500,000
			8,612,023	\$ 3,393,117	\$ 11,926,231

### Off Balance Sheet Arrangements

The Company has a commitment with respect to its office leases in Calgary and Vancouver as follows:

Period	May 1, 2012 - Oct 31, 2012	Nov 1, 2012 - Oct 31, 2013	Nov 1, 2013 - Jun 30, 2014
Amount	\$ 70,768	\$ 113,818	\$ 18,406

### Financial Instruments

The fair value of cash and cash equivalents, trade and other receivables, loans and borrowings, trade and other payables is approximated by their carrying amounts because of their short-term nature or because they bear interest at market rates.



### Related Party Transactions

During the three and six months ended April 30, 2012 directors and officers of the Company incurred \$192,238 (2011 - \$162,500) and \$369,420 (2011 - \$359,650) for management and technical services on behalf of the Company. At April 30, 2012 \$33,745 (2011 - \$27,250) is included in accounts payable.

In addition, \$95,358 (2011 - \$71,559) and \$203,971 (2011 - 195,586) of legal fees were paid during the three and six months ended April 30, 2012 to a law firm of which one of the Company's Directors is a partner. At April 30, 2012 \$95,358 (2011 - \$124,027) is included in accounts payable.

The Company subleases part of its Calgary office to a Corporation with a common Director. Additionally, the Company sub leases part of its Vancouver office to a Corporation with a common Officer.

### Mineral Property

As of April 30, 2012, the Company has incurred approximately \$76.6 million qualifying expenditures ("QE") at Schaft Creek under the terms of the Option Agreement with Teck. Teck has an earn-back right under the terms of the option which is based on the qualifying expenditures incurred by Copper Fox. Should Teck elect to exercise its earn-back option it will be required to solely fund subsequent property expenditures to the extent of 100%, 300% or 400% to earn 20%, 40% or 75% of the Copper Fox interest. Also, in the event Teck elects to earn 75% interest, it is responsible for arranging project financing including that of Copper Fox. A comparison and detail of these expenditures related to the Schaft Creek property for 2012, 2011 is as follows:

	Expenditures November 1, 2011 to April 30, 2012	Expenditures November 1, 2010 to October 31, 2011
Drilling Program/camp activities	\$ 2,178,687	\$ 11,404,933
Environmental Program	362,026	860,951
Feasibility Study	1,534,311	1,998,185
Social License	48,169	211,995
Geology, Engineering, Metallurgy	507,682	450,692
Testing, Assaying, Mapping, Etc.	268,400	603,903
Miscellaneous	159,971	272,547
Capital Compensation	-	586,924
	\$ 5,059,246	\$ 16,390,130

### Significant Accounting Policies

The significant accounting policies used by the Company are disclosed in the notes to the Company's financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses.



## **IFRS**

While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and financial performance. Set out in the financial statements ended April 30, 2012 is how the transition from Canadian GAAP to IFRS has affected the Company's statement of financial position and statement of cash flows as at April 30, 2011 and statement of comprehensive loss for the three and six months ended April 30, 2011.

## **Measurement Uncertainty**

Management makes estimates and assumptions that affect the reported amounts of the assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those reported. Significant areas requiring the use of management estimates include the determination of impairment of property, plant and equipment and exploration and evaluation costs, provisions and assumptions used in calculating stock-based compensation expenses. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

## **Business Risks**

The following describes the types of risks that the Company is exposed to and how it manages those risks.

### **World Economic Uncertainty**

While certain economies and business sectors are recovering from the recent economic slowdown experienced in 2008/2009, there remains stock market uncertainty and international credit difficulties that could adversely impact the Company's ability to raise sufficient working capital to sustain operations. The Company cannot predict the impact this uncertainty will have on future results.

### **Exploration and Development**

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

Focusing exploration efforts in areas in which a company has existing knowledge and expertise helps in its efforts to find reserves. Exploration activities rely on the exploration results collected at that time and on the professional judgement of people involved in the exploration business. There is 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 time the economic feasibility of the project may change.

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

### Regulations and Mining Law

Mining operations and exploration activities are subject to the laws and regulations of a country in which a company does business. There is no assurance that these laws will not change in the future.

### Environmental Factors

All phases of a company's operations are subject to environmental regulations in the country in which it operates. Environmental legislation may continue to evolve in a manner which requires 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. While a company may take 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 a company's operations or result in substantial costs and liabilities in the future.

### Permits and Licenses

The operation of a company requires permits from the government of the country in which the company operates. There can be no assurance that a company will be able to obtain all necessary permits that may be required to carry out its operations in the future.

### Share Capital

The Company is authorized to issue an unlimited number of common shares of which 387,974,079 were outstanding at April 30, 2012. The following table shows the detailed number of shares, options and warrants outstanding as of April 30, 2012 and changes that have occurred up to the date of this MD&A.

	As of 30-Apr-12	Change in 2012	Issued in 2012	As of 14-Jun-12
Common shares issued and outstanding	387,974,079		-	387,974,079
Common shares issuable upon exercise of stock options	9,835,000	-		9,835,000
Common shares issuable upon exercise of warrants	8,612,023	-		8,612,023
Common shares fully diluted	406,421,102	-	-	406,421,102

### Subsequent Event

Subsequent to the quarter ended April 30, 2012, the Company acquired two groups of mineral tenures.

The first group of 4,514.78 (16 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was \$25,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to repurchase half of the NSR for a cash payment of \$1.0 million such that the NSR is reduced from 2% to 1%.

The second group of 8,577.82 hectares (29 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was \$20,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to repurchase half of the NSR for a cash payment of \$1.0 million such that the NSR is reduced from 2% to 1%.

Also, subsequent to the quarter, the Company announced the results of its recently completed National Instrument 43-101 resource estimate for the Schaft Creek copper-gold-molybdenum-silver deposit.

In addition, a company controlled by a Director loaned the Company \$2,000,000. The loan bears no interest and has no fixed terms of repayment. These transactions were recorded at the exchange amount agreed to by the related parties.

### **Basis of Presentation**

The accompanying financial statements of Copper Fox have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC"). The preparation of these interim financial statements is based on accounting policies and practices in accordance with IFRS. This is the Company's first IFRS interim financial statements for part of the period covered by the Company's first IFRS annual financial statements and the first time adoption of IFRS has been applied (Note 10). The condensed interim financial statements do not contain all information and disclosures required by IFRS for full annual financial statements.

### **Cautionary Note Regarding Forward-Looking Information**

This Management's Discussion and Analysis (MD&A) contains "forward-looking information" within the meaning of the Canadian securities laws. Forward-looking information is generally identifiable by use of the words "believes," "may," "plans," "will," "anticipates," "intends," "budgets," "could," "estimates," "expects," "forecasts," "projects" and similar expressions, and the negative of such expressions. Forward-looking information in this MD&A includes statements about the recently completed resource estimate for the Schaft Creek deposit; the receipt and filing of a National Instrument 43-101 compliant report related to the updated resource estimate; the quantum and quality of porphyry style copper-gold-silver-molybdenum deposits at the Schaft Creek property; the scope and completion of the 2012 exploration program; conditions in the financial markets; the completion of a detailed mine plan by Tetra Tech, including the preparation of a new optimized pit shell design based on the economic parameters incorporating the updated resource estimate; the timing and completion of a the Feasibility Study; the scope and timing of work on the outstanding sections of the Feasibility Study; completion of an Environmental Assessment Application; the regional mineral potential of the mineral claims acquired by Copper Fox in 2012; the potential to find additional porphyry style copper deposits within the Schaft Creek property; expected capital requirements to continue planned activities; expected sources and the adequacy of required capital resources; the results and interpretation of the high resolution airborne magnetic survey over the Schaft Creek project; the timing and scope of expected diamond drilling; potential existence and size of mineralization within the Schaft Creek project; estimated timing and amounts of future expenditures and "earn-back" options; geological interpretations and potential mineral recovery processes. Information concerning measured mineral resources, indicated mineral resources and inferred mineral resources also may be deemed to be forward-looking information in that it reflects a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined.

In connection with the forward-looking information contained in this MD&A, Copper Fox has made numerous assumptions, regarding, among other things: the potential mineralization in the Schaft Creek deposit; the geological, metallurgical, engineering, financial and economic advice that Copper Fox has received is reliable, and is based upon practices and methodologies which are consistent with industry standards; the continued financing of the Feasibility Study and Copper Fox' operations; the anticipated analytical results of the current drilling and metallurgical testing programs.. While Copper Fox considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies. Additionally, there are known and unknown risk factors which could cause Copper Fox's actual results, performance or

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achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, among others: the actual mineralization in the Schaft Creek deposit may not be as favourable as suggested; another deposit may never be discovered on Copper Fox's property, or contain anticipated mineralization, or mineralization of any significance at all; a detailed mine plan may not be completed in a timely manner, or at all; the Feasibility Study may not be completed within the contemplated time frame, or at all; the Environmental Assessment Application may not be obtained in a timely manner, or at all; the possibility that the metallurgical test work on the core samples does not recover significant percentages of copper mineralization; the possibility that future drilling on the Schaft Creek project may not occur on a timely basis, or at all; fluctuations in copper, the completed drill holes for which analytical results are not available may not return significant concentrations of either copper, gold, molybdenum or silver; commodity prices and currency exchange rates; conditions in the financial markets and overall economy may continue to deteriorate; Copper Fox may never complete the option to purchase the continuous group of five mineral tenures located south and west of the Schaft Creek project; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of the metallurgical testwork, the uncertainty of the estimates of capital and operating costs, recovery rates, and estimated economic return; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals.

A more complete discussion of the risks and uncertainties facing Copper Fox is disclosed in Copper Fox's continuous disclosure filings with Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com). All forward-looking information herein is qualified in its entirety by this cautionary statement, and Copper Fox disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.