



Management's Discussion and Analysis of Financial Condition and Results of Operation

For the Year Ended October 31, 2018

As at January 24, 2019

COPPER FOX METALS INC.

*Management's Discussion and Analysis of Financial Condition and Results of Operation
For the Year Ended October 31, 2018 (Expressed in Canadian Dollars)*

1. 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**") audited consolidated financial statements for the year ended October 31, 2018 and the related notes thereto.

All of the Company's material subsidiaries are wholly owned except for District Copper Corp. ("**District**" or "**District Copper**") (**TSX-V: DCOP**), of which the Company owns 39.51% of the outstanding common shares as at January 24, 2019. The consolidated financial statements include 100% of the assets and liabilities related to District and include a non-controlling interest representing 60.49% of District's assets and liabilities not owned by the Company. Accounting policies are applied consistently throughout all consolidated entities.

Technical and corporate information contained in this MD&A has previously been disseminated by way of news releases and are filed on Sedar at www.sedar.com and on the Company's website at 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 3).

All amounts expressed are in Canadian dollars unless otherwise stated. The MD&A is current as of January 24, 2019 and was reviewed, approved and authorized for issue by the Company's Audit Committee on behalf of the Company's Board of Directors on the aforementioned date.

Description of Business

Copper Fox is a Canadian based resource company with a Tier 1 listing on the TSX Venture Exchange (**TSX-V: CUU**). The Company is focused on the exploration and development of copper projects in North America. The Company maintains its head office at Suite 650, 340 – 12th Avenue SW, Calgary, Alberta.

Copper Fox's wholly-owned subsidiaries are Desert Fox Copper Inc. ("**Desert Fox**") and Northern Fox Copper Inc. ("**Northern Fox**"). Desert Fox has an office space in Miami, Arizona and holds the US assets of the Company and Northern Fox holds the investment in District Copper. Copper Fox's primary assets are its 25% interest in the Schaft Creek Joint Venture ("**SCJV**") with Teck Resources Limited ("**Teck**") on the Schaft Creek copper-gold-molybdenum-silver project located in northwestern British Columbia, its 100% owned Van Dyke, Sombrero Butte and Mineral Mountain copper projects and the Eaglehead copper-molybdenum-gold project through its controlling interest in District Copper.

The Company established Desert Fox and Northern Fox in order to manage all future exploration and development activities, including any equity or working interest acquired in other mineral projects within North America. Desert Fox's wholly-owned subsidiaries; Van Dyke, Sombrero Butte and Mineral Mountain, all hold mineral tenures located in Pinal and Gila Counties, Arizona (which are all located in the Laramide age porphyry copper belt in Arizona). To date the Company has not earned revenues from any of these activities and these projects are still considered to be in the exploration and development stage.

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As at the date of this MD&A, Copper Fox's directors and officers are as follows:

Directors	Officers and Position	
Elmer B. Stewart (Chairman)	Elmer B. Stewart, President and Chief Executive Officer	
R. Hector MacKay-Dunn	Braden Jensen, Chief Financial Officer	
J. Michael Smith	J. Michael Smith, Corporate Secretary	
Ernesto Echavarria		
Erik Koudstaal		

Audit Committee	Corporate Governance and Nominating Committee	Compensation Committee
Erik Koudstaal (Chairman)	Elmer B. Stewart	R. Hector MacKay-Dunn
J. Michael Smith	Erik Koudstaal	J. Michael Smith
Ernesto Echavarria	R. Hector MacKay-Dunn	Ernesto Echavarria

Qualified Person

Mr. Elmer B. Stewart, MSc. P. Geol., President and CEO of the Company, is the qualified person as defined under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") who has reviewed and approved all technical and scientific disclosure contained in this MD&A regarding the Company's mineral properties.

2. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "*forward-looking statements*" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. This MD&A contains forward-looking statements which reflect management's expectations and goals, as well as statements with respect to our belief, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

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Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities. Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict, therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements in light of the risk factors set forth below and as further detailed in the "Risks and Uncertainties" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects; the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of minerals, operating parameters and costs, receiving project permits and approvals, successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations; risks of litigation and other risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

3. YEAR ENDED OCTOBER 31, 2018 HIGHLIGHTS AND SIGNIFICANT EVENTS

- On November 17, 2017, District Copper consolidated its share capital on the basis of one post consolidated common share for every two pre-consolidated common shares.
- On February 6, 2018, the Management Committee for the SCJV approved a \$0.8 million budget to complete among other activities; (i) desktop studies to investigate various scenarios in which to add value to the Schaft Creek project; (ii) collection of environmental data; and (iii) permitting and social activities. The objective of the desktop studies is to investigate the potential of a smaller scale, higher grade scenario for the Schaft Creek project.
- On February 12, 2018, the Company provided the results of the historical and current exploration data compilation for District's Eaglehead porphyry copper project. The compilation showed that in addition to the multiple zones of porphyry style mineralization located to date, two large,

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previously unexplored, exploration targets were defined and the porphyry mineralization has a similar age to other large porphyry copper deposits located in British Columbia. The data compilation concluded that several of the mineralization zones could be connected and that a significantly larger portion of the Eaglehead intrusion has the potential to host porphyry copper style mineralization than previously thought.

- On March 13, 2018, Bell Copper extinguished its loan outstanding. A total of \$187,829 was paid to Copper Fox, which was comprised of the principle balance owing of \$168,000 plus interest of \$19,829. On receipt of the payment, Copper Fox released its pledged security on the Kabba property back to Bell Copper.
- On March 27, 2018, Copper Fox announced a trench sampling program on its 100% owned Mineral Mountain copper project located near Florence, Arizona. The objective of the program was to determine the concentration and continuity of the copper mineralization observed in 20 trenches excavated during the 1970's, located within the 2016 mineralized area (see news release dated February 8, 2017).
- On March 29, 2018, District Copper announced the closing of a private placement, which consisted of 18,750,000 units at a price of \$0.08 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share of District and one transferable share purchase warrant, which entitles the holder to purchase one additional common share of District at a price of \$0.12 for a period of two years following the date of closing.
- On April 30, 2018 Copper Fox announced the analytical results for eight of the re-sampled trenches for its 100% owned Mineral Mountain copper project. The data suggests that the mineralized area outlined in 2016 represented a "leach cap"; above a buried porphyry copper deposit; a feature typical of porphyry copper deposits in Arizona.
- On May 8, 2018, District acquired additional mineral tenures located contiguous to its 100% owned Eaglehead project.

Highlights of the transaction were:

- Approximately 2,400 ha in 3 mineral tenures located contiguous to the northern boundary of the Eaglehead project,
 - Purchase price consisted of \$15,000 (**paid**) and 3,900,000 shares (**issued**) of District Copper, valued at the stock's trading price on the date of issue, which was \$0.16 per share,
 - The vendor will retain a 2% NSR on production from the project, and
 - District retains the right to re-purchase up to 1.5% of the 2% NSR for a purchase price of \$1,000,000.
- On May 18, 2018, Copper Fox extended the expiry dates of 10,753,000 warrants outstanding. These warrants were originally issued in two separate tranches, on June 9, 2016 and June 30, 2016 respectively, with an original expiry date of two years. The new expiry date provides an additional one year extension. These warrants continue to be exercisable at their original exercise price.

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- On May 29, 2018, Copper Fox announced the analytical results for the remaining 12 re-sampled trenches on its 100% owned Mineral Mountain copper project. The trenching results combined with "geochemical vectoring" support the presence of a buried porphyry system on the Mineral Mountain project. This work also identified a drill target and aided the development of a geological model for the project.
- On June 18, 2018 Copper Fox closed its previously announced non-brokered private placement, raising aggregate gross proceeds of \$1,200,000 through the sale of 12,000,000 units at a price of \$0.10 per unit.

Each unit consists of one common share in the capital of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one common share for an exercise price of \$0.12 during the first 12 month period after the closing and \$0.15 during the second 12 month period after the closing. In the event that the 20-day volume weighted average price of the common shares listed on the TSX Venture Exchange is above \$0.20, the expiry date of the warrants will be accelerated to a date that is 30 days after the first date such threshold is met. The Offering included subscriptions by four insiders of the Company. Mr. Ernesto Echavarria, a director, insider and a control person of the Company purchased 7,200,000 Units. The common shares were subject to a hold period of four months plus one day from the date of the closing. Finders' fees of \$12,500 were paid with respect to this financing.

- On June 25, 2018, Copper fox announced the highlights of an updated compilation of exploration results for its 100% owned Mineral Mountain copper project. Two Laramide age porphyry copper style exploration targets have been identified.
- On July 3, 2018, District changed its name from Carmax Mining Corp to District Copper Corp.
- On July 12, 2018, District issued 6,470,352 flow-through shares, pursuant to a private placement, for gross proceeds of \$549,980. Finder's fees of \$30,000, filing fees of \$1,382, legal fees of \$32,883 and the issuance of 352,942 finder's warrants were paid with respect to this financing. Each broker warrant is exercisable into one common share at \$0.085 until July 12, 2020.
- On August 15, 2018, District announced that it had executed an agreement with an arm's length third party to acquire, subject to TSX Venture Exchange approval, a 100% interest in a 130 sq. km (521 claims (13,025 ha) land package referred to as the Stoney Lake East Project.

The Stony Lake East project is contiguous to and on strike with, Sokoman Iron Corporation's high-grade, low-sulfidation, epithermal-style Moosehead Gold Project located in the Province of Newfoundland.

Subsequent to the Year Ended

- On November 21, 2018 Copper Fox and its wholly owned subsidiary, Desert Fox, provided an update of the sampling program on four areas of its 100% owned Mineral Mountain copper project, indicating that mineralized areas have been extended and remain open and that 179 of the 278 new copper showings located during Phase-2 were sampled.

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- On November 29, 2018 Copper Fox and its wholly owned subsidiary, Desert Fox, provided additional analytical results for its 100% owned Mineral Mountain copper project. A large area of copper-molybdenum mineralization has been located in the southeast corner of Area #1 with molybdenum concentration of up to 0.2% and the limits of the copper mineralization in Area #1 and Area #3 has been extended and remains open in several directions. Two new areas of significant copper mineralization have been located in the Laramide age intrusive.
- On August 15, 2018, the District Copper executed an agreement with an arm's length third party to acquire, subject to the TSX:V approval, a 100% interest in the Stoney Lake East Project. To acquire the project, the District Copper will issue 40,000,000 of its common shares to the current owners. The Project is subject to a 2% NSR, if the price of gold is US \$2,000/oz. or less and a 3% NSR if the price of gold is above US \$2,000/oz.

On December 14, 2018, District Copper received conditional TSX:V approval for its proposed acquisition of the Stony Lake East Property. The conditional approval requires that District Copper raises, by way of a private placement, no less than \$400,000 in order to fund the first phase of the exploration program.

- On December 19, 2018. Copper Fox and its wholly owned subsidiary, Desert Fox, provided the final analytical results on its 100% owned Mineral Mountain copper project. The analytical results show that the previously designated Area #1 and Area #3 are part of the same mineralized area where copper mineralization in the Laramide age Quartz Monzonite intrusive extends over a horizontal distance of 4,500m by up to 2,000m wide. The sampling results continue to return high grade copper mineralization within the mineralized area primarily due to abundant chalcocite. The sampling program also located molybdenum concentrations of up to 0.022%.

The secondary copper minerals and trace element geochemistry, combined with abundant mineralized outcrop containing chalcocite, supports the presence of a Leach Cap; a feature typically located above porphyry deposits in arid and semi-arid climates. The occurrence mineralized porphyritic intrusive phases and disseminated copper mineralization suggest that the interpreted copper-molybdenum portion of the porphyry system is closer to surface than previously interpreted.

- On January 16, 2019. Copper Fox and its wholly owned subsidiary, Desert Fox, provided a compilation of results for the recently completed mapping and sampling program on its 100% owned Mineral Mountain copper project.

The compilation outlined a Laramide age porphyry system with two separate targets; designated Area #1 and Area #2. Area #1 measures 4,500m long by up to 2,000m wide and is underlain by Quartz Monzonite that hosts three zones of disseminated copper-molybdenum mineralization the largest of which measures approximately 1,000m long by 350-450m wide. The higher concentrations of molybdenum are associated with the largest area of disseminated copper mineralization and coincides with a positive chargeability anomaly outlined in 1971. Area #2 measures 2,800m long and averages 400m wide and is characterized by quartz vein and fracture hosted copper mineralization with significantly lower concentrations of molybdenum than recorded in Area #1.

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- On January 23, 2019 Copper Fox and its wholly owned subsidiary, Desert Fox Copper Inc. announce that is commenced a program to re-analyze pulp samples and re-sample certain drill core intervals from historical diamond drill holes used to define the Van Dyke oxide copper deposit. The program has been completed and samples submitted for total copper and acid and cyanide soluble copper analysis.

4. PROPERTY SUMMARY

During Q4 2018, issues related to tariffs amongst the largest economies of the world, the strength of the US dollar and lower economic growth forecasts have had a negative effect on the copper industry. Since mid-June 2018 the spot price of copper has dropped to the \$US2.70/pound range thereby removing a substantial amount of the optimism seen in the copper sector in early 2018.

Despite the current macro-economic issues facing the copper industry, simultaneous economic growth in a number of developed and developing countries remains positive and other “green initiatives” are forecasted to increase world copper consumption in the future. Lower head grades, reduced exploration expenditures and absence of discoveries are major issues facing the copper industry. The lack of new discoveries have resulted in the number of copper projects in the exploration and development pipeline to be the lowest it has been for decades.

In Q4 2018, activities were completed on the Schaft Creek and Mineral Mountain projects and technical support was provided to District Copper on its 100% owned Eaglehead porphyry copper project. No work was completed on either the Van Dyke or the Sombrero Butte projects during the quarter.

Schaft Creek Project

In July 2013, Copper Fox and Teck created the SCJV to further explore and develop the Schaft Creek project. Copper Fox's primary asset is a 25% working interest in the SCJV. The SCJV holds two main assets: i) the Schaft Creek copper-gold-molybdenum-silver project located in northwestern British Columbia and ii) an 85.41% equity interest in Liard Copper Mines (“**Liard**”). Liard holds a 30% Net Proceeds Interest in the Schaft Creek project subject to certain terms and conditions. Teck is the operator of the SCJV.

Under the SCJV agreement, Teck is required to make three cash milestone payments to the Company: (i) \$20 million upon entering into the agreement (received), (ii) \$20 million upon a production decision approving mine construction, and (iii) \$20 million upon completion of construction mine facilities.

The SCJV agreement provides that Teck and the Company are each responsible for their pro-rata share of project costs in accordance with their interests, except that Teck is solely responsible for the first \$60 million in pre-production costs. If pre-production costs exceed \$60 million, the Company's pro rata share of such costs will be set off against the two remaining cash milestone payments (totaling \$40 million) payable by Teck to the Company. If pre-production costs exhaust the two cash milestone payments, Teck will further assist the Company by providing loans, as necessary, without dilution to the Company's 25% joint venture interest.

By way of example, assuming the existing 75% interest held by Teck and the 25% interest held by the Company remain unchanged, pre-production expenditures on the Schaft Creek Project would have to exceed a cumulative total of \$220 million in order to eliminate the two cash milestone payments payable

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to the Company through set-off, after which Teck would be obligated to fund the Company's pro-rata share of additional pre-production costs by way of loan to the Company (at prime plus 2%).

On January 23, 2013, Copper Fox filed a NI 43-101 Technical Report entitled "Feasibility Study on the Schaft Creek Project, BC Canada" prepared by Tetra Tech with A. Farah, P.Eng. et al. as Qualified Persons. The Feasibility Study proposed a 130,000 tonne per day ("TPD") flotation/open pit mine with Proven and Probable Reserves as follows:

Reserve Category	Tonnes (Mt)	Copper (%)	Molybdenum (%)	Gold (g/t)	Silver (g/t)
Proven	135.40	0.31	0.018	0.25	1.81
Probable	805.41	0.27	0.018	0.19	1.70

The Proven and Probable Reserve are deemed sufficient to support a 21 year mine life and contain 5.6 billion pounds of copper, 373.5 million pounds of molybdenum, 6.03 million ounces of gold, and 51.7 million ounces of silver. The Feasibility Study suggested annual production from the Schaft Creek project would be in the order of 230 million pounds of copper, 201,000 ounces gold, 1.2 million ounces silver and 10.2 million pounds of molybdenum.

The Feasibility Study also showed that the Schaft Creek deposit hosts a Measured and Indicated Resource of 1.2 billion tonnes, grading 0.26% copper, 0.017% molybdenum, 0.19 g/t gold and 1.69 g/t silver as well as a 597.2 million tonne Inferred Resource grading 0.22% copper, 0.016% molybdenum, 0.17 g/t gold and 1.65 g/t silver. *The above stated Proven and Probable Reserves for the Schaft Creek project are included within the stated Measured and Indicated Resources.*

The Feasibility Study indicated that the NPV and the IRR for the Schaft Creek project were most sensitive to fluctuations in the Foreign Exchange ("**FOREX**") between the Canadian and United States dollar and the price of copper. The Feasibility Study used a FOREX of \$1.00 US = \$0.97 CAD and a copper price of US \$3.25/lb.

Between 2013 and 2017, the SCJV reviewed the major components of the 2013 Schaft Creek Feasibility Study and continued collecting additional geotechnical, metallurgical and baseline environmental information along with social and cultural interaction with the Tahltan First Nation. In 2017 a remodel of the resource estimate contained in the 2013 Feasibility Study on the Schaft Creek project confirmed that there were no changes in the 2012 Resource Estimate and that the 2013 Feasibility Study is current.

In January 2018, the SCJV approved a \$0.8 million budget and program to investigate a number of different sizing scenarios, with the objective of enhancing the value to the Schaft Creek project. This work includes investigating the potential of a phased approach as an alternative to the approach adopted in the 2013 feasibility study.

During Q4, 2018, the SCJV continued working on the desktop studies and received the Multi-Year Area Based Permit ("**MYAB**") for the Schaft Creek project. The 2018 program is focused on evaluating a number of scenarios including a phased approach that targets potential capital, operating and sustaining cost reductions; a higher-grade initial starter pit and identifying other opportunities such as infrastructure and access option to enhance the value of the Schaft Creek project.

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The main activities covered pursuant to the Multi-Year Area Based Permit include approval for up to 50 diamond drill holes, 5 kms of new drill road and 20 kms of line cutting; none of which are planned for as of the date of this MD&A. The collection of environmental baseline data is ongoing and the execution of a Communications Agreement with the Tahltan First Nation forms the basis for future engagement.

The results of the 2018 work program are expected to be discussed at the Schaft Creek Q4 Management Committee Meeting scheduled for the end of January 2019.

Van Dyke Project

In 2012, Copper Fox acquired Bell Copper's interests in the Van Dyke copper project ("**Van Dyke**") located in the Globe-Miami mining district in Arizona. Acquisition costs were CDN \$500,000 in cash to Bell Copper, \$1,499,400 (US \$1,500,000) to the Vendors (owners of the Van Dyke project) and assumption of continuing obligations in respect of the Van Dyke project, subject to certain amended terms and conditions. The Vendors retained a 2.5% Net Smelter Return ("**NSR**") production royalty from the Van Dyke deposit.

Copper Fox, through its wholly owned subsidiary, owns a 100% working interest in the Van Dyke project that consists of 531.5 hectares (1,312.8 acres) of mineral rights and 5.75 hectares (14.02 acres) of surface rights.

Historical work completed on the Van Dyke deposit between 1968 and 1990 included an extensive drilling program, two successful in-situ leach ("**ISL**") tests followed by two years of copper production utilizing the ISL method. In 2013 and 2014, Copper Fox's activities included data compilation, diamond drilling, metallurgical testwork, re-analysis of pulp samples and environmental baselines, hydrology and scoping level engineering studies.

In November 2015, Copper Fox completed a NI-43-101 technical report entitled "Preliminary Economic Assessment ("**PEA**") Technical Report for the Van Dyke Copper Project" dated November 18, 2015 (as amended May 2017). The report was prepared under the direction of Moose Mountain Technical Services ("**MMTS**"), Mr. Jim Gray, P.Eng. et al. as the Qualified Persons. The PEA recommended a pre-feasibility study (estimated cost – US \$16.6 million) consisting of, among other activities, a 10,000m diamond drilling program to upgrade the inferred resource to a higher resource category, expand the limits of the mineralization and an eight hole pilot ISL test program to investigate; soluble copper recoveries and other geotechnical parameters of the Van Dyke oxide copper deposit.

The PEA yielded an after-tax NPV of US \$149.5 million and IRR of 27.9% based on a long term copper price of US \$3.00/lb and an Inferred Resource of 183 million tonnes containing 1.33 billion pounds of copper at an average total copper grade of 0.33%. The effect of the 2018 reduction in the United States corporate tax rate from 35% to 21% has not been incorporated into the 2015 PEA for the Van Dyke project.

The results of the PEA are preliminary in nature as they include an Inferred Mineral Resource which is considered too speculative geologically to have the economic considerations that would enable them to be categorized as mineral reserves. There is no certainty that the PEA forecasts will be realized or that any of the resources will ever be upgraded to reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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In 2017, Copper Fox commenced the process to obtain Class III Underground Injection Control and Aquifer Protection permits which, once acquired, are good for the life of the project. A significant amount of modelling work was completed to the draft stage before Copper Fox suspended the work on the permit applications, pending the outcome of discussions to acquire surface access to the proposed ISL pilot scale test site (see news release dated September 21, 2017).

For the year ended October 31, 2018, Copper Fox incurred \$27,042 (US \$21,109) in expenditures towards the Van Dyke project for rent, consulting and core storage.

The PEA recommended that to upgrade the resource category at Van Dyke; the remaining pulp samples from the historical drill core pulps should be re-analyzed to determine the acid and cyanide soluble copper content. The updated analytical data could be incorporated into an updated resource estimate if and when the decision is made to proceed with the Pre-Feasibility Study. During January 2019, the remaining pulp samples from the historical drill holes and core samples from certain drill core intervals (where pulp samples are not available) and from historical diamond drill holes used to define the Van Dyke oxide copper deposit have been submitted for analysis. The analytical work is estimated to cost approximately US \$25,000. In addition, Copper Fox will continue to evaluate its options for this property, including a joint venture, finding an industry partner to fund future exploration or an outright sale of the property.

Sombrero Butte Project

Sombrero Butte is an exploration stage project located in the Bunker Hill District, 44 miles northeast of Tucson, Arizona consisting of three Arizona exploration permits, 77 BLM claims and 3 patented mineral claims covering approximately 1,388.9 ha (3,432.5 acres).

Copper Fox is required to make three US \$40,000 annual option payments (\$120,000 total) on certain mineral and patented claims held by an arms-length third party that are included within the Sombrero Butte project. On completion of these annual payments, Copper Fox will hold an undivided 100% working interest in the property. The option agreement remains in good standing as long as the annual payments are made, with the next payment due by October 15, 2019.

The project is located in the Laramide age Porphyry Copper Province in Arizona. The Laramide age Copper Creek intrusive on the property contains two clusters of mineralized breccia pipes which elsewhere in the district are known to overlie buried porphyry copper deposits. Two large, drill ready chargeability anomalies have been outlined by geophysical surveys completed in 2015. No field work was completed on the project in 2017 and 2018.

No work was completed on the project during Q4 2018. The surface work program described in the Q2 2018 MD&A has been delayed until early 2019.

For the year ended October 31, 2018, Copper Fox incurred \$23,199 (US \$18,109) in expenditures towards the Sombrero Butte project for claim fees and core storage costs.

Copper Fox incurred the expenses required to maintain all mineral tenures in good standing and other project related expenses during fiscal 2018. In fiscal 2019, Copper Fox plans to conduct a surface mapping and sampling program on the Arizona Exploration Permit to better define the limits of the mineralization

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and alteration exposed in outcrop. The estimate cost of this work is \$30,000 US. Copper Fox will continue to seek an industry partner to fund future exploration of the property.

Mineral Mountain Project

The Mineral Mountain project is an early stage exploration project in the Laramide Porphyry Copper Province of Arizona. This project is located on the same structural trend that hosts the Globe-Miami, Resolution, Florence and Casa Grande copper deposits. The property is 100% owned by Copper Fox and consists of one Arizona exploration permit (725 acres) and 181 BLM claims covering approximately 2,043 ha.

Exploration and compilation of local and regional geological information between 2015 and 2017 located a number of porphyry features including a 1,100m by 900m zone of porphyry style mineralization located within a larger 2.5km by 1.1km zone of potassic and phyllic altered Laramide age Quartz Monzonite and Granodiorite. A significant number of samples from within the mineralized area returned between 1% and up to 6.6% copper due to the presence of chalcocite and covellite.

In early 2018, re-sampling of 20 trenches excavated in the early 1970's located within the mineralized area outlined in 2016 (see news release dated February 8, 2017) was completed. The geochemistry and secondary copper minerals located within this area are typical of a "Leach Cap"; a feature typical of porphyry copper deposits in Laramide age porphyry copper province in Arizona. Leach Caps represent the surface remnants of weathered porphyry style mineralization that has undergone oxidization, leaching and re-concentration at depth.

The re-sampling of the historical trenches returned a number of erratic mineralized intervals (a product of the weathering process) typical of leached porphyry style copper mineralization including one trench that yielded a weighted average of 1,638 ppm (0.16%) copper (Cu) and 33 ppm molybdenum (Mo) over a 33m interval. Within this interval; a 12m interval contained 3,890 ppm (0.39%) Cu and 72 ppm (0.007%) Mo. This mineralized interval is open to the east.

During 4Q 2018; a mapping and outcrop sampling program was completed to characterize the copper-molybdenum-gold-silver concentrations as well as trace element geochemistry present in veins, other mineralized structures and the outcrop. The samples collected, although not necessarily representative of the mineralization on the property provides information that could be used as vectors to the center of the porphyry system. The work program focussed on two prospective areas on the property that were identified in early 2018. Results of the sampling program are outlined below.

Area #1 measures 4,500m long by up to 2,000m wide hosts three zones of disseminated copper-molybdenum mineralization the largest of which measures approximately 1,000m long by 350-450m wide. The spatial distribution of the disseminated, Quartz Vein and Fracture controlled styles of copper mineralization suggest an outward progression from the core of a porphyry system. The largest zone of disseminated copper-molybdenum mineralization coincides with a large (1,800m by 900m) positive chargeability anomaly outlined in 1971.

Area #2; measures 2,800m long, averages 400m wide and is characterized by quartz vein and fracture hosted copper mineralization with significantly lower concentrations of molybdenum than recorded in Area #1.

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The average metal concentrations of the three styles of copper mineralization observed at Mineral Mountain are shown below.

Style of Mineralization	Number of Samples	Average Concentration				
		Cu (ppm)	Cu (%)	Mo (ppm)	Au (ppb)	Ag (ppm)
Disseminated	47	5,752	0.575	71.8	57.9	6.6
Quartz Vein	141	12,020	1.202	65.3	127.5	16.3
Fracture	135	4,223	0.422	13.6	43.1	7.3

Cu = copper, Mo = molybdenum, Au = gold, Ag =silver, (%) = percent, ppm = parts per million, ppb = parts per billion.

The average metal concentrations in the Quartz Vein hosted mineralization in Area #1 and Area #2 exhibit significant differences. The average metal concentrations for the two Areas are shown below.

Area	Cu (ppm)	Cu (%)	Mo (ppm)	Mo (%)	Au (ppb)	Ag (ppm)
Area #1	9,621	0.962	80	0.008	143.9	17.6
Area #2	18,542	1.854	27	0.003	82.7	12.8

Cu = copper, Mo = molybdenum, Au = gold, Ag =silver, (%) = percent, ppm = parts per million, ppb = parts per billion. Number are rounded to reflect best practice principals.

The variation in the metal concentrations between the two Areas is interpreted to be due to the proximity to the source porphyry system.

The range of the metal concentrations for each style of mineralization at Mineral Mountain are:

Style of Mineralization	Number of Samples	Range of Values				
		Cu (ppm)	Cu (%)	Mo (ppm)	Au (ppb)	Ag (ppm)
Disseminated	47	73 to 20,200	0.007 to 2.20	0.5 to 1,060	5 to 696	0.4 to 65.4
Quartz Vein	141	80 to 103,800	0.008 to 10.38	0.2 to 2,080	5 to 872	0.2 to 483
Fracture	135	13 to 30,000	0.001 to 3.00	0.5 to 282	5 to 465	0.2 to 65.4

Cu = copper, Mo = molybdenum, Au = gold, Ag =silver, (%) = percent, ppm = parts per million, ppb = parts per billion.

Analytical results to date have been very encouraging and strongly suggest that additional exploration of the Mineral Mount project is warranted.

For the year ended October 31, 2018, Copper Fox incurred \$96,985 (US \$75,707) in expenditures towards the Mineral Mountain project related to assays, claim fees, data compilation and exploration costs. The exploration plans for the Mineral Mountain project for 2019 have not been finalized.

Based on the results for the recently completed mapping and sampling program, the next logical phase of exploration would be Induced Polarization and Resistivity survey to identify areas of anomalous chargeability that could be used to located diamond drill holes to test the surface mineralization at depth.

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A combined airborne magnetic and radiometric survey over the project to delineate the local and regional scale structural controls on the mineralization and alteration would also be considered beneficial to understanding the porphyry potential of the project and the controls on the mineralization and alteration. The estimated cost of the airborne and ground geophysical surveys have not been determined at this time.

Eaglehead Project

Copper Fox, through its wholly owned subsidiary Northern Fox, owns 39.51% of the common shares of District Copper Corp. (formerly Carmax Mining Corp.). Copper Fox's equity interest decreased over the past year due to the Company taking a passive approach towards participating in District's most recent financings.

District holds a 100% working interest in the Eaglehead copper-molybdenum-gold-silver property (13,540 ha) located in the Liard Mining Division, approximately 40 kilometers east of Dease Lake in northern British Columbia.

In July, 2017 Copper Fox completed a "Technical Report on the Eaglehead Project", with an Effective Date July 10, 2017 (the "**Report**") prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. The technical report prepared by Mr. Robert Lane, MSc. P.Geo., Qualified Person, was filed on SEDAR and uploaded to the Company's website.

The Technical Report (see news release dated July 21, 2017), outlined the details of the porphyry style mineralization on the Eaglehead project as well as the results of the metallurgical testwork completed in 2015 and 2016.

No field work was completed on the Eaglehead project in 2017 due to the judicial review that commenced in June 2016 and concluded in District's favor on August 23, 2017.

During Q4 2018, Copper Fox provided technical support to District Copper on its 2018 exploration program. On receipt of the Amended Mines Act permit; District Copper commenced a program directed at re-logging, sampling or re-sampling of historical drill core from the Camp, Pass, Bornite and East zone as well as reconnaissance scale mapping and prospecting of two large exploration targets defined in early 2018 (see news release dated February 12, 2018). As of the date of this MD&A, the results of the 2018 field program have not been announced by District.

5. SELECTED ANNUAL RESULTS

	October 31, 2018	October 31, 2017	October 31, 2016
	Year Ended	Year Ended	Year Ended
Loss before taxes	\$ 1,633,028	\$ 1,456,055	\$ 1,667,161
Net loss	1,368,128	1,200,857	1,070,949
Comprehensive loss	1,158,176	1,643,630	748,363
Comprehensive Loss per Share, Basic and Diluted	0.00	0.00	0.00
Weighted Average Number of Shares Outstanding	441,418,516	430,224,452	419,326,720

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Financial Position	October 31, 2018	October 31, 2017	October 31, 2016
Total assets	\$ 82,110,893	\$ 79,737,101	\$ 80,323,388
Non-current liabilities	\$ 2,079,080	\$ 2,148,690	\$ 2,389,297

6. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

	October 31, 2018 <i>3 months ended</i>	July 31, 2018 <i>3 months ended</i>	April 30, 2018 <i>3 months ended</i>	January 31, 2018 <i>3 months ended</i>
Loss before taxes	\$ 256,899	\$ 620,441	\$ 541,914	\$ 213,774
Net loss / (gain)	(8,001)	620,441	541,914	213,774
Comprehensive loss /(gain)	226,205	456,739	(47,768)	787,900
Comprehensive loss /(gain) per share, basic and diluted	0.00	0.00	(0.00)	0.00

	October 31, 2017 <i>3 months ended</i>	July 31, 2017 <i>3 months ended</i>	April 30, 2017 <i>3 months ended</i>	January 31, 2017 <i>3 months ended</i>
Loss before taxes	\$ 400,188	\$ 395,888	\$ 453,045	\$ 207,014
Net loss	144,910	395,888	453,045	207,014
Comprehensive loss /(gain)	(322,819)	1,637,337	(220,645)	549,757
Comprehensive loss /(gain) per share, basic and diluted	(0.00)	0.00	(0.00)	0.00

The Company's quarterly operating expenses decreased in Q4 2018 compared to Q3 2018, as a result of the decrease in consulting fees at District Copper due to decreased market activity.

7. DISCUSSION OF OPERATIONS

All of the information described below is accounted for in accordance with IFRS, as issued by the IASB. The reader is encouraged to refer to Note 2 of the Company's audited annual financial statements for the year ended October 31, 2018 for Copper Fox's "Basis of Presentation and Significant Accounting Policies".

For the year ended October 31, 2018 and 2017, the consolidated expenses were:

	Year Ended	
	October 31, 2018	October 31, 2017
<i>Expenses:</i>		
Administration	\$ 1,574,910	\$ 1,167,066
Depreciation, amortization and accretion	22,886	26,271
Professional fees	217,582	282,852
Interest and other income	(182,350)	(20,134)
Net Loss Before Taxes	\$ 1,633,028	\$ 1,456,055

Year Ended October 31, 2018 Compared to Year Ended October 31, 2017

For the year ended October 31, 2018, the Company recorded a net loss before taxes of \$1,633,028 or \$0.00 per share compared to a net loss before taxes of \$1,456,055 or \$0.00 per share in the comparable

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prior year. The increase in net loss of \$176,973 is due to an increase in consulting costs for District Copper, offset by a decrease in professional fees and an increase in investment income for Copper Fox.

8. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As an exploration company, Copper Fox has no regular cash in-flow from operations, and the extent of its operations is principally a function of the availability of capital resources. To date, the primary source of funding has been equity financing.

During the year ended October 31, 2018, the Company incurred a net loss of \$1,368,128 (October 31, 2017 - \$1,200,857) and the Company's cash position was \$938,311 (October 31, 2017 - \$286,195).

Major expenditures are required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities. The recoverability of valuations assigned to exploration and development mineral properties are dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete such exploration and development as well as the future profitable production or proceeds from potential dispositions.

Management reviews the carrying value of the Company's interest in each property and, where deemed necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing at favourable terms for these or other endeavours, including general working capital purposes.

Working Capital

As at October 31, 2018, Copper Fox had working capital of \$679,596 (October 31, 2017 – \$272,883). The working capital increased in the year ended October 31, 2018 compared to the year ended October 31, 2017 as a result of Copper Fox's June 2018 private placement as well as District Copper's March and July 2018 financings, offset by capital outflows for the Van Dyke, Sombrero Butte, Mineral Mountain and Eaglehead projects, in addition to both companies general operating costs.

The Company manages its working capital through conscientious controlling of spending on its properties and operations. Due to the on-going planned advancement of project milestones for the Sombrero Butte, Mineral Mountain and Eaglehead projects over the near term, Copper Fox intends to continue to incur expenditures without revenues and accumulate operating losses. As a result, the Company needs to obtain adequate financing to fund future exploration and development, including the potential construction of a mine, in order to reach profitable levels of operation. It is not possible to predict whether future financing efforts will be successful or whether financing on favourable terms will be available.

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Copper Fox has no long-term debt or long-term liabilities, other than its combined decommissioning provision of \$419,665, its Sombrero Butte option payments of \$157,488 (US \$120,000) and its deferred tax liability of \$1,659,415. The Company has no capital lease obligations, operating or any other long term obligations, other than its office lease.

Cash Flow Highlights

	Year Ended	
	October 31, 2018	October 31, 2017
Cash used in operating activities	\$ (1,484,755)	\$ (1,347,393)
Cash used in investing activities	(907,327)	(528,291)
Cash provided by financing activities	3,055,638	1,344,144
Increase/(decrease) in cash for the year	663,556	(531,540)
Translation effect of foreign currency	(11,440)	(29,770)
Cash balance, beginning of year	286,195	847,505
Cash Balance, End of Year	\$ 938,311	\$ 286,195

Cash Flow for the Year Ended October 31, 2018 and 2017*Operating Activities*

Cash used in operating activities in the current year was \$1,484,755 compared to \$1,347,393 in the prior comparable year. The increase of \$137,362 is due to an increase in the non-cash working capital accounts receivables and flow-through premium income, offset by the increase in District Copper's consulting costs.

Investing Activities

Cash used in investing activities in the current year was \$907,327 compared to \$528,291 in the prior comparable year. The increase of \$379,036 is due to District Copper's 2018 drill program at Eaglehead.

Financing Activities

Cash provided by financing activities in the current year was \$3,055,638 compared to \$1,344,144 in the prior comparable year. The increase of \$1,711,494 was due to one Copper Fox and two District Copper private placements in the current year compared to one Copper Fox and one District Copper private placement in the prior comparable year.

Capital Resources

As of October 31, 2018, and as of the date of this MD&A, the Company had \$938,311 and \$354,364 in cash.

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Contractual Commitments

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

Year Ended	2019
Amount	\$ 87,058

The Company is also committed to pay the balance outstanding of three yearly option payments totalling \$157,488 (US \$120,000) under the Sombrero Butte acquisition agreement. The next payment of \$52,496 (US \$40,000) is due on October 15, 2019.

Teck holds a 75% interest and the Company holds a 25% interest in the Schaft Creek Joint Venture ("SCJV"), and Teck is the operator of the SCJV. Management of the SCJV is made up of two representatives from Teck and the Company with voting proportional to their equity interests.

Under the SCJV agreement, Teck is required to make three cash milestone payments to the Company: (i) \$20 million upon entering into the agreement (received), (ii) \$20 million upon a Production Decision approving mine construction, and (iii) \$20 million upon completion of construction of mine facilities.

The SCJV agreement provides that Teck and the Company are each responsible for their pro-rata share of project costs in accordance with their interests, except that Teck is solely responsible for the first \$60 million in pre-production costs. If pre-production costs exceed \$60 million, the Company's pro rata share of such costs will be set off against the two remaining cash milestone payments (totaling \$40 million) payable by Teck to the Company. If pre-production costs exhaust the two cash milestone payments, Teck will further assist the Company by providing loans, as necessary, without dilution to the Company's 25% joint venture interest.

Once a production decision has been made, Teck will make an irrevocable offer to the Company:

- (i) to use all reasonable commercial efforts to arrange project equity and debt financing for at least 60% of project capital costs or such portion as Teck determines is commercially available on reasonable terms at the relevant time, and
- (ii) to fund by way of loans to the Company, the Company's pro rata share of project capital costs not covered by project debt financing, if requested by the Company, without dilution to the Company's 25% joint venture interest.

The Company must notify Teck within 60 days after Teck's offer as to whether it accepts Teck's offer or whether it will arrange for its own financing.

9. RELATED PARTY TRANSACTIONS

Copper Fox

During the year ended October 31, 2018, legal fees of \$74,940 (October 31, 2017 - \$140,684) were paid to Farris, Vaughan, Wills & Murphy LLP ("Farris"). As at October 31, 2018, included in accounts payable to Farris was \$2,087 (October 31, 2017 - \$12,569). One of the partners at Farris' is a member of Copper

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Fox's Board of Directors.

District Copper

For the year ended October 31, 2018, \$Nil (October 31, 2017 - \$2,500) was paid in rent to a company controlled by a former officer of District Copper.

Key Management Compensation

The remuneration of the CEO, CFO, directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company, including District Copper are as follows:

Description	October 31, 2017	October 31, 2018
Directors fees	\$ 24,000	\$ 33,500
Salaries and consulting fees	469,500	478,917
Total	\$ 493,500	\$ 512,417

10. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial instruments consist of cash, loans and other receivables, deposits, investments and accounts payables and accrued liabilities.

The Company's financial assets, measured at fair value, are categorized as follows:

Description	As at October 31, 2018				
	Loans and Receivables	Available For Sale	Other Financial Liabilities	Total Carrying Amount	Total Fair Value
<i>Financial Assets:</i>					
Cash	\$ 938,311	\$ -	\$ -	\$ 938,311	\$ 938,311
Other receivables	18,430	-	-	18,430	18,430
Investments	-	112,233	-	112,233	112,233
Total Financial Assets	\$ 956,741	\$ 112,233	\$ -	\$ 1,068,974	\$ 1,068,974
<i>Financial Liabilities:</i>					
A/P and accrued liabilities	\$ -	\$ -	\$ 233,661	\$ 233,661	\$ 233,661
Total Financial Liabilities	\$ -	\$ -	\$ 233,661	\$ 233,661	\$ 233,661

Description	As at October 31, 2017				
	Loans and Receivables	Available For Sale	Other Financial Liabilities	Total Carrying Amount	Total Fair Value
<i>Financial Assets:</i>					
Cash	\$ 286,195	\$ -	\$ -	\$ 286,195	\$ 286,195
Other receivables	179,040	-	-	179,040	179,040
Investments	-	143,885	-	143,885	143,885
Total Financial Assets	\$ 465,235	\$ 143,885	\$ -	\$ 609,120	\$ 609,120

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<i>Financial Liabilities:</i>					
A/P and accrued liabilities	\$ -	\$ -	\$ 192,352	\$ 192,352	\$ 192,352
Total Financial Liabilities	\$ -	\$ -	\$ 192,352	\$ 192,352	\$ 192,352

Determination of Fair Value

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 common share ownership in Bell Resources 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, for all years carried at fair market value 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, 2018 is \$18,429 (October 31, 2017 - \$179,040).

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, 2018 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. A 5% strengthening or weakening of the US dollar would have significant impact on the total assets and the

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net losses of the Company.

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, 2018, the Company had \$26,398 in US denominated cash balances.

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 October 31, 2018, the Company is exposed only on its cash balance.

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.

11. RISKS AND UNCERTAINTIES

It is Indeterminable if Exploration Properties Will Result in Profitable Commercial Mining Operations

Mine development projects, specifically the Schaft Creek and Van Dyke projects, require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors, including: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and anticipated capital and operating costs. The Schaft Creek and Van Dyke projects have no operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of Proven and Probable Mineral Reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon

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anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Any of the following events, among others, could affect the profitability or economic feasibility of a project. Unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labor, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in metals prices, foreign exchange rates, accidents, labor actions and force-majeure events.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production. The actual results for the Schaft Creek and Van Dyke projects could differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favorable than currently estimated, our business, results of operations, financial condition and liquidity could be materially adversely affected.

Joint Ventures

Copper Fox participates in a joint venture with Teck on the Schaft Creek project. There are risks associated with joint ventures, including:

- disagreement with a joint-venture partner about how to develop, operate or finance a project;
- a joint-venture partner not complying with a joint-venture agreement;
- possible litigation between joint-venture partners about joint-venture matters; and
- limited control over decisions related to a joint venture in which Copper Fox does not have a controlling interest.

Securing Additional Funding to Bring the Ore Body into Commercial Production

The business of mineral exploration and extraction involves a high degree of risk with very few properties that are explored ultimately achieving commercial production. As a mining company in the exploration stage, the future ability of the Company to conduct exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

In turn, the Company's ability to raise such funding depends in part upon the market's perception of its management and properties, as well as metal prices and the marketability of securities of speculative mineral exploration and development companies.

There is no assurance that the Company will be successful in obtaining the required financing.

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Estimates of Mineral Reserves and Resources may not be Realized

The Mineral Reserves and Resources estimates contained in this MD&A are only estimates. No assurance can be given that any particular level of recovery of metals will be realized or that identified resources will ever qualify as a commercially mineable or viable deposit which can be legally and economically utilized. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by mineral type. Actual recoveries may exceed or fall short of projected laboratory test results. In addition, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions. Short term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in proven and probable reserves or resources, grades, waste-to-minerals ratios or recovery rates may affect the economic viability of projects. The estimated Proven and Probable Mineral Reserves and Mineral Resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

The Company's Activities on its Properties are Subject to Environmental Regulations and Approvals

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations, or its ability to develop its properties economically. Before production may commence on any property, the Company must obtain regulatory and environmental approvals and permits. There is no assurance such approvals and permits will be obtained on a timely basis, if at all. Compliance with environmental and other regulations may reduce profitability, or preclude economic development of a property entirely.

Title Matters

In those jurisdictions where the Company has property interests, the Company makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is, however, no guarantee that title to the Company's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

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Share Price Risk

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company, including the market sentiment toward the resource sector and for all resource sector shares, the breadth of the public market for the stock, the need for certain Funds to sell shares for external reasons other than those relevant to the Company and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares of the Company on the exchanges on which the common shares are listed suggests that the share price will be volatile.

12. PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions; however, the Company from time to time does review potential property acquisitions and divestitures, in addition to conducting further exploration work on its property. The Company releases appropriate public disclosure as it conducts exploration work on its existing property and if the Company makes an acquisition or divestiture.

13. DISCLOSURE OF OUTSTANDING SHARE CAPITAL DATA

Authorized Share Capital

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 no preferred shares have been issued.

As of January 24, 2019, the issued and outstanding shares are as follows:

Common Shares	Number	Amount
<i>Opening Balance, November 1, 2017:</i>	436,980,160	\$ 76,583,300
<i>Additions:</i>		
June 18, 2018 private placement	12,000,000	1,173,079
June 18, 2018 warrants granted	-	(143,200)
Balance, January 24, 2019	448,980,160	\$ 77,613,179

Common Shares	Number	Amount
<i>Opening Balance, November 1, 2016:</i>	427,813,495	\$ 75,884,886
<i>Additions:</i>		
July 27, 2017 private placement	9,166,665	1,100,000
July 27, 2017 warrants granted	-	(401,586)
Balance, October 31, 2017	436,980,160	\$ 76,583,300

On March 29, 2018, District Copper issued 18,750,000 units at \$0.08 per unit, pursuant to a private placement, for gross proceeds of \$1,500,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.12 until March 29, 2020.

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The warrants have an early acceleration provision wherein the warrants will become callable on 21 days' notice in the event that District Coppers' shares trade at a price of \$0.25 per share or greater for a 30 day trading period.

Finders' fees of \$48,048, filing fees of \$7,500 and legal fees of \$47,608 were paid for this financing.

On July 12, 2018 the Company issued 6,470,352 flow-through shares, pursuant to a private placement, for gross proceeds of \$549,980.

Finders' fees of \$30,000, filing fees of \$1,382, legal fees of \$32,883 and the issuance of 352,942 finders' warrants were paid with respect to this financing. The fair value of the finders' warrants was immaterial. Each finders' warrant is exercisable into one common share at \$0.085 until July 12, 2020.

In connection with this placement, a \$161,759 flow-through premium liability was incurred as a result of there being a \$0.025 premium per share sold. The liability will be extinguished once all the flow-through money raised has been spent on the Eaglehead project. As of October 31, 2018, the remaining flow-through premium liability was \$43,484, with the reduction of \$118,275 recorded as flow-through premium income.

On June 18, 2018, the Company closed a non-brokered private placement, raising aggregate gross proceeds of \$1,200,000 through the sale of 12,000,000 units at a price of \$0.10 per unit. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one common share for an exercise price of \$0.12 during the first 12 month period after the closing of the offering and \$0.15 during the second 12 month period after the closing of the offering. In the event that the 20-day volume weighted average price of the common shares listed on the TSX Venture Exchange is above \$0.20, the expiry date of the warrants will be accelerated to a date that is 30 days after the first date such threshold is met.

On July 27, 2017, the Company closed a non-brokered private placement, raising aggregate gross proceeds of \$1,100,000 through the sale of 9,166,665 units at a price of \$0.12 per unit. Each unit consists of one common share of the Company and one whole common share purchase warrant. Each warrant entitles the holder to purchase one common share for an exercise price of \$0.15 during the first 12 month period after the closing of the offering and \$0.17 during the second 12 month period after the closing of the offering. In the event that the 20-day volume weighted average price of the common shares listed on the TSX Venture Exchange is above \$0.20, the expiry date of the warrants will be accelerated to a date that is 30 days after the first date such threshold is met.

Warrants

As of January 24, 2019, the warrants outstanding are as follows:

Share Purchase Warrants	Number of Warrants	Amount
<i>Opening Balance, November 1, 2017:</i>	19,919,665	\$ 1,095,212
<i>Additions:</i>		
June 18, 2018 warrants granted	6,000,000	143,200
Balance, January 24, 2019	25,919,665	\$ 1,238,412

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The value of the June 18, 2018 warrants were calculated using Black Sholes with an exercise price of \$0.10 in the first year and \$0.15 in the second year, an expected life of two years, a volatility rate of 64.42% and a risk-free rate of 1.87%.

Share Purchase Warrants	Number of Warrants	Amount
<i>Opening Balance, November 1, 2016:</i>	10,753,000	\$ 693,626
<u>Additions:</u>		
July 27, 2017 warrants granted	9,166,665	401,586
Balance, October 31, 2017	19,919,665	\$ 1,095,212

The value of the July 27, 2017 warrants were calculated using Black Sholes with an exercise price of \$0.15 in the first year and \$0.17 in the second year, an expected life of two years, a volatility rate of 71.36% and a risk-free rate of 1.30%.

The value of the June 9 and 30, 2017 warrants, who's expiry date were extended by one year, were calculated using Black Sholes with an exercise price of \$0.17, an expected life of one year, a volatility rate of 64.60% and 64.30% and a risk-free rate of 1.91% and 1.90%. It was determined that the fair value of these extended warrants had a nominal value and no amounts were recorded on the financial statements for these extensions.

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of October 31, 2018	Warrant Expiry Date
10,753,000	\$ 0.17	10,753,000	June 9 & 30, 2019
9,166,665	0.17	9,166,665	July 27, 2019
6,000,000	0.12 - 0.15	6,000,000	June 18, 2020
25,919,665		25,919,665	

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, 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 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.

As of October 31, 2018, the Company has options outstanding entitling the holders to acquire common shares as follows:

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Stock Options	Weighted Avg. Exercise Price	Number of Options
Opening Balance, November 1, 2017:	\$ -	-
<u>Additions:</u> There was no option activity in Q1-Q4 2018	-	-
Balance, January 24, 2019	\$ -	-

Stock Options	Weighted Avg. Exercise Price	Number of Options
Opening Balance, November 1, 2016:	\$ 1.04	550,000
<u>Subtractions:</u> Expired	\$ 1.04	(550,000)
Balance, October 31, 2017	\$ -	-

14. OFF-BALANCE SHEET ARRANGEMENTS

During the year ended October 31, 2018, the Company was not party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues, expenses, liquidity, capital expenditures or capital resources of the Company.

15. CHANGES IN ACCOUNTING STANDARDS

There were no changes in the Company's accounting policies during the year ended October 31, 2018. New and revised accounting standards and interpretations issued but not yet adopted are described in Note 2, "Basis of Presentation and Significant Accounting Policies", of the audited consolidated financial statements for the fiscal year ended October 31, 2018.

16. CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which

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may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Depreciation

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment

The carrying value of property and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in earnings. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

Site Closure and Reclamation Provisions

The Company assesses its mineral property's rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Title to Mineral Properties

Although the Company has taken steps to verify title to 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 and title may be affected by undetected defects.

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Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options and share purchase warrants, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's financial statements.

Contingencies

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or un-asserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to disclose as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the Company's financial statements.

17. APPROVAL

The Audit Committee of Copper Fox has reviewed and approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and it is also available under our SEDAR profile at www.sedar.com.