# COPPER FOX METALS INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE THREE MONTHS ENDED JANUARY 31, 2016

March 23, 2016

# 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**") unaudited interim consolidated financial statements for the three months ended January 31, 2016 and the related notes thereto and the audited consolidated financial statements for the year ended October 31, 2015 and the related notes thereto.

All of the Company's material subsidiaries are wholly owned except for Carmax Mining Corp. ("**Carmax"**) (**TSX-V: CXM**), of which the Company owns 65.4% of the outstanding common shares as at January 31, 2016. The consolidated financial statements include 100% of the assets and liabilities related to Carmax and include a non-ownership interest representing 34.6% of Carmax's assets and liabilities not owned by the Company. Accounting policies are applied consistently throughout all consolidated entities.

As of the date of this MD&A, the Company owns 65.4% of Carmax.

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 March 23, 2016 and was reviewed, approved and authorized for issue by the Company's audit committee (the "**Audit Committee**") on March 23, 2016.

### 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 – 12$^{th}$ 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 in Miami, Arizona and holds the US assets of the company and Northern Fox holds the investment in Carmax. 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 and its 100% owed Van Dyke oxide copper deposit located in Miami, Arizona.

For corporate and tax planning purposes, the Company established Desert Fox and Northern Fox to manage all future exploration/development activities as well as any equity or working interest acquired in other mineral projects in North America. Desert Fox and its wholly-owned subsidiaries, hold mineral tenures located in Pinal County, Arizona (the "**Sombrero Butte Copper Project**" and the **"Mineral Mountain Copper Project"** ) and in Gila County, Arizona (the "**Van Dyke Copper Project"**), all of which are located in the Laramide age porphyry copper belt in Arizona. To date the Company has not earned revenues from any of these activities and is considered to be in the exploration and development stage.

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. DISCLOSURE CONTROLS AND PROCEDURES

The Company's management is responsible for the design and effectiveness of disclosure controls and procedures that are designed to provide reasonable assurance that material information related to the Company, including our consolidated subsidiaries, is made known to the Company's certifying officers. Management, including the Chief Executive Officer and the Chief Financial Officer of the Company, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at January 31, 2016. There have been no changes in the Company's disclosure controls and procedures during the three months ended January 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's disclosure controls and procedures. Based on this evaluation, management has concluded that the Company's disclosure controls and procedures were effective as at January 31, 2016.

## 3. 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.

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.

# 4. THREE MONTHS ENDED JANUARY 31, 2016 HIGHLIGHTS AND SIGNIFICANT EVENTS

- On November 25, 2015, Copper Fox announced the results of the Preliminary Economic Assessment ("**PEA**") for the Van Dyke In-Situ Leach ("**ISL**") project located in Miami Arizona. The PEA is the first National Instrument 43-101 Technical Report prepared on the Van Dyke copper project. The PEA suggests that Van Dyke is a technically sound in-situ leach copper project, utilizing underground access and conventional solvent extraction and electrowinning ("**SX-EW**") recovery methods with low cash costs, strong cash flows and an after-tax Net Present Value ("**NPV**") of US $149.5 million and Internal Rate of Return ("**IRR**") of 27.9%.

- On December 11, 2015, Copper Fox announced that Teck entered into a share purchase agreement to purchase 140,100 common shares of Liard Copper Mines Ltd. ("**Liard**") representing 7.41% of the issued and outstanding shares of Liard. Pursuant to this transaction, the SCJV own approximately 85.5% of the issued and outstanding shares of Liard.

- On December 21, 2015, Copper Fox closed the first tranche of its non-brokered private placement (the **"Offering"**), raising gross proceeds of $499,999.92 from the issuance and sale of 2,941,176 flow-through common shares at a price of $0.17 per flow-through common share. The flow-through common shares will be 100% eligible for Canadian exploration expenses (**"CEE"**) as defined by the Income Tax Act (Canada).

- On December 29, 2015, Copper Fox completed the second and final tranche of its previously announced non-brokered private placement, raising gross proceeds in the second tranche of $999,999.84 in flow-through funds from the issuance and sale of 5,882,352 flow-through common shares at a price of $0.17 per flow-through share and $74,999.86 from the issuance and sale of 576,922 common shares at a price of $0.13 per common share. Taken together with the first tranche of the Offering, the Company raised aggregate gross proceeds in the Offering of $1,499,999.76 (the "**Flow-Through Funds**") from the issuance and sale of 8,823,528 flow-through common shares at a price of $0.17 per flow-through share and $74,999.86 (the "**Non-Flow-Through Funds**") from the issuance and sale of 576,922 common shares on a non-flow through basis at a price of $0.13 per common share. The Company paid an aggregate finder's fee of $78,749.98 for the Offering to Secutor Capital Management Corp., representing 5% of the gross proceeds raised in the Offering.

- On January 12, 2016, the Company, through its wholly owned subsidiary Northern Fox, closed a previously announced non-brokered private placement in Carmax, pursuant to which Copper Fox has indirectly acquired an additional 30,000,000 common shares of Carmax on a flow-through basis at a price of $0.05 per Flow-Through Share for an aggregate subscription price of $1,500,000. After the completion of this private placement, Copper Fox now beneficially owns and controls, through Northern Fox, 66,566,528 common shares of Carmax, representing approximately 65.4% of the issued and outstanding common shares of Carmax on an undiluted basis, or 68.2% on a fully diluted basis presuming the exercise of the existing warrants and all other outstanding warrants and options of Carmax.

- On January 25, 2016, Copper Fox announced the Mineral Mountain copper project in Arizona. This project covers approximately 4,200 acres and lies within in the Jemez structural trend located between the Florence and Resolution copper deposits. The exploration target is the interpreted surface expression of a buried porphyry copper system. This project provides an economical, early stage entry to copper exploration in the Laramide porphyry copper province in Arizona; one of the most prolific copper districts in the world.

- Teck, as the Operator of the SCJV, has delivered a draft of the proposed 2016 budget and program for the Schaft Creek project. The draft of the proposed 2016 program is currently being reviewed by Copper Fox. Details of the 2016 program and estimated costs will be announced when the program has been finalized and approved by the Management Committee of the SCJV.

## 5. PROPERTY SUMMARY

### Schaft Creek Project

Copper Fox is a 25% partner in the SCJV with Teck. Teck is the operator of the SCJV which holds two main assets: i) the Schaft Creek copper-gold-molybdenum-silver project located in northwestern British Columbia and ii) an 85.5% equity interest in Liard. Liard holds a 30% Net Proceeds Interest in the Schaft Creek project subject to certain terms and conditions.

On January 23, 2013, a NI 43-101 Technical Report was prepared by Tetra Tech under the direction of Copper Fox comprising a feasibility study of a 130,000 tonne per day-open pit mine. Proven and Probable Reserves established in the Technical Report are set out below:

| 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 sufficient to support a 21 year mine life and contains 5,611.7 million pounds of copper, 6.03 million ounces of gold, 373.5 million pounds of molybdenum and 51.7 million ounces of silver.

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 and 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 Technical Report prepared by Tetra Tech in 2012 indicated that the NPV and IRR for the Schaft Creek project are most sensitive to changes in the Foreign Exchange ("**FOREX**") between the Canadian and United States dollar and the price of copper.

The 2015 program for the Schaft Creek project; estimated to cost $4.8 million was funded by Teck pursuant to the Joint Venture agreement. As per the SCJV agreement, in addition to other obligations, Teck is responsible for funding the first $60 million in pre-production expenditures at Schaft Creek, of which Teck has spent less than $20 million as of the date of this MD&A.

The five diamond drill holes (2,634 metres (**"m"**)) completed in the LaCasse zone intersected numerous short intervals of low grade copper mineralization that contained minor, but significant concentrations of gold.

The 100 samples collected for geometallurgical testwork provided more information on the variability within the Schaft Creek deposit. This information will guide future work in optimizing/changing the design of the project's crushing and grinding circuits. An additional 11,800m of historical core was logged and incorporated into the geological model.

Studies in progress include; infrastructure planning, water management and tails storage. The geotechnical, comminution and electrical portions of the studies completed in 2015 found similar results to that set forth in the feasibility study prepared by Copper Fox in 2012.

Pursuant to the SCJV, Teck as operator of the Schaft Creek project has delivered a draft of the proposed 2016 program for consideration by the Management Committee of the SCJV. Details of the program and estimated costs are expected to be announced in early April.

## Van Dyke Project

The Van Dyke oxide copper project (100% owned by Desert Fox) is located in the Globe-Miami Mining District in Arizona. Between 1968 and 1980 Occidental Minerals Corporation completed a significant amount of exploration and completed two successful ISL tests in a portion of the Van Dyke copper deposit.

The NI-43-101 Technical Report entitled "Preliminary Economic Assessment Technical Report for the Van Dyke Copper Project" dated November 18, 2015 was prepared under the direction of Moose Mountain Technical Services, Mr. Jim Gray, P.Eng., et al as Qualified Persons.

The PEA suggests that Van Dyke is a technically sound ISL copper project, utilizing underground access and conventional SX-EW recovery methods with low cash costs, strong cash flow, an after-tax NPV of US $149.5 million and IRR of 27.9%.

### PEA Highlights - *(Based on $US3.00/lb copper) All dollar amounts for the Van Dyke project are in $US.*

- Gross Revenue of $1.37 billion over 11 year life of mine ("**LOM**"),
- Cumulative Net Free Cash Flow after recovery of initial capital costs of $453.1 million before tax and $342.2 million after tax,
- Net Free Cash Flow in years 1-6 is approximately $85 million per year before tax, declining thereafter,
- LOM direct operating cost of $0.60 pound ("**lb**") copper,
- Production plan of 60 million lbs of copper in years 1-6, declining thereafter,

- Initial Capital Cost (including pre-production costs) totals $204.4 million, which includes contingencies of $42.4 million,
- LOM soluble copper recovery estimated at 68% with acid consumption of 1.5 lb acid/lb copper produced, and
- After tax payback of initial capital in 2.9 years.

***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 applied 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.***

The PEA has identified several aspects of the Van Dyke project that, with positive results from additional testing and engineering, could extend the mine life and significantly increase project economics. The Van Dyke project could become a strong project in the mid-size copper development space.

The PEA recommended that the work (including additional diamond drilling and an ISL test program) required for a pre-feasibility study be completed which is estimated of $US16.6 million. Copper Fox is currently assessing its options to complete the pre-feasibility study.

## Eaglehead Project

On January 12, 2016, the Company, through its wholly owned subsidiary Northern Fox, closed a previously announced non-brokered private placement in Carmax, pursuant to this placement, Copper Fox has indirectly acquired an additional 30,000,000 common shares of Carmax on a flow-through basis.

As of the date of this MD&A, Copper Fox holds warrants which, collectively, entitle Copper Fox to indirectly acquire an additional 36,566,528 common shares of Carmax at exercise prices ranging from $0.075 to $0.10.

The positive results from the preliminary metallurgical testwork completed in 2015 has provided an indication of the potential range of recoveries (expressed in percentages) for copper-gold-molybdenum-silver from the Eaglehead project.

Copper recoveries in the third cleaner concentrate ranged from 77.1% in the low grade (0.11% copper) composite sample to 92.7% copper in the master composite (0.26% copper) sample. These concentrates contained between 21.1% and 37.9% copper with by-product credits of 11.8 g/t gold and 96 g/t silver. The third cleaner concentrate also contained significant molybdenum; however tests to produce a separate molybdenum concentrate were not completed.

The 2015 field exploration program focused on the Pass zone located inside the 6,000m long chargeability anomaly outlined in 2014. Re-logging, re-sampling and or sampling of nine historical diamond drill holes from the Pass zone was completed and incorporated into the project database. Two diamond drill holes (1,185m) intersected broad intervals of copper-gold-molybdenum-silver mineralization in potassic and sericite altered intrusive rocks. Trace element geochemistry suggest that some of the intrusive rock at Eaglehead shows a strong "Adakite" affinity, a signature characteristic of large porphyry copper deposit.

### Sombrero Butte Project

The Sombrero Butte project (100% owned by Desert Fox) is located in the Laramide age porphyry copper belt in Arizona.

In 2015, a Quantec Titan-24 DC-IP survey located a large chargeability and resistivity signature that exhibits a good correlation with the surface exploration target outlined in 2013 and 2015. The exploration data suggests the presence of a buried porphyry copper system. The Company is currently assessing its options related to the future exploration of this project.

### Mineral Mountain Project

The Mineral Mountain project (100% owned by Desert Fox) occurs along the Jemez structural trend that hosts the Miami-Globe, Resolution, Florence and Casa Grande copper deposits/districts. The property is located between the Florence copper deposit and the Resolution copper deposit.

The project is underlain by Precambrian age Pinal Schist, diabase and granite intruded by Laramide age quartz monzonite, granodiorite and hornblende dacite dikes. Three separate, stacked copper-molybdenum-gold-silver-tungsten bedrock geochemical anomalies along with 21 copper occurrences with coincident zones of sericite alteration occur within the property. The copper mineralogy, quartz veining, alteration and the vein assemblages in outcrop support the interpretation of a buried porphyry copper system.

## 6. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

| | **January 31, 2016**<br>*3 months ended* | **October 31, 2015**<br>*3 months ended* | **July 31, 2015**<br>*3 months ended* | **April 30, 2015**<br>*3 months ended* |
|---|---|---|---|---|
| Loss before non-operating items and taxes | $ 314,527 | $ 358,917 | $ 484,385 | $ 350,360 |
| Loss before income taxes | 314,527 | 358,917 | 484,385 | 350,360 |
| Gain per common share, basic and diluted | (0.00) | (0.00) | (0.00) | (0.00) |
| Comprehensive loss/(gain) | (284,576) | (14,846) | (309,555) | 854,264 |

| | **January 31, 2015**<br>*3 months ended* | **October 31, 2014**<br>*3 months ended* | **July 31, 2014**<br>*3 months ended* | **April 30, 2014**<br>*3 month ended* |
|---|---|---|---|---|
| Loss before non-operating items and taxes | $ 716,690 | $ 698,711 | $ 951,334 | $ 613,970 |
| Loss (income) before income taxes | 716,690 | 698,711 | 951,334 | 613,970 |
| Gain per common share, basic and diluted | (0.00) | (0.00) | (0.00) | (0.00) |
| Comprehensive loss/(gain) | (509,648) | (1,041,915) | 1,004,128 | 768,651 |

The Company's quarterly operating expenses decreased in Q1 2016 in comparison to Q1 2015, due to primarily to the decrease in professional fees.

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## 7. DISCUSSION OF OPERATIONS

All of the information described below is accounted for in accordance with IFRS, as issued by IASB. The reader is encouraged to refer to Note 2 of the Company's audited annual financial statements for the year ended October 31, 2015 for Copper Fox's "*Basis of Presentation and Significant Accounting Policies*".

The three months ended January 31, 2016 and January 31, 2015 expenses are as follows:

| | Three Months Ended | |
|---|---|---|
| | **January 31, 2016** | January 31, 2015 |
| *Expenses (1):* | | |
| Administration | **$ 304,691** | $ 312,320 |
| Depreciation, amortization and accretion | **7,492** | 8,600 |
| Professional fees | **3,250** | 392,537 |
| Share-based compensation | **-** | 5,000 |
| Interest income | **(906)** | (1,767) |
| **Net Loss** | **$ 314,527** | **$ 716,690** |

*(1) Includes 100% of Carmax Expenses.*

**Three Months Ended January 31, 2016 Compared to Three Months Ended January 31, 2015**

For the three months ended January 31, 2016, the Company recorded a net loss of $314,527 or $0.00 per share compared to a net loss of $716,690 or $0.00 per share in the comparable prior period. The overall decrease in net loss of $402,163 is due primarily to the decrease in professional fees.

## 8. LIQUIDITY AND CAPITAL RESOURCES

**Liquidity**

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

As at January 31, 2016, the Company had $2,131,672 in cash (October 31, 2015 - $1,529,138). For the foreseeable future, as existing properties are explored and developed, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt, of which the Company currently has none.

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

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount or written off. 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 and at favourable terms for these or other purposes including general working capital purposes.

## Working Capital

As at January 31, 2016, Copper Fox had working capital of $2,274,227 (October 31, 2015 – $1,467,508). The working capital increased in January 31, 2016 compared to October 31, 2015 as a result of the Q1 2016 flow through financing. The Company has managed its working capital by controlling its spending on its properties and operations. Due to the on-going planned advancement of project milestones for the Van Dyke 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 and 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.

Copper Fox has no long-term debt and no long-term liabilities, other than its combined decommissioning provision of $203,455 and its deferred tax liability of $2,775,725. The Company has no capital lease obligations, operating or any other long term obligations, other than their office lease.

## Cash Flow Highlights

| | Three Months Ended | |
|---|---|---|
| | **January 31, 2016** | January 31, 2015 |
| Cash Used In Operating Activities | **(255,289)** | (333,341) |
| Cash Used In Investing Activities | **(579,940)** | (395,216) |
| Cash From Financing Activities | **1,439,336** | 222,950 |
| Net increase/(decrease) in cash for the year | **604,107** | (507,607) |
| Effect of foreign currency translation | **(1,573)** | 142,417 |
| Cash, beginning of period | **1,529,138** | 1,654,421 |
| **Cash Balance, End of Period** | **$ 2,131,672** | **$ 1,291,331** |

## Cash Flows for the Three Months Ended January 31, 2016 and January 31, 2015

*Operating activities*

Cash used in operating activities of $255,289, declined this period compared to cash used in operating activities of $333,341 in the prior period due primarily to a reduction in net loss as a result of the decrease in professional fees.

*Investing activities*

Cash used in investing activities in the current period was $579,940, compared to $395,216 in the prior period. The increase of $184,724 was due to the changes in non-cash working capital.

*Financing activities*

Cash inflow from financing activities was $1,439,336 in the current period compared to $222,950 in the prior comparable period. The increase of $1,216,386 in cash from financing activities was due primarily to the $1,500,000 flow through financing during the current period year.

*Capital Resources*

As of January 31, 2016 and the date of this MD&A, the Company had $2,131,672 and $1,925,586, respectively, in cash.

*Contractual Commitments*

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

| Year Ended | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| Amount | $ 83,011 | $ 112,031 | $ 116,078 | $ 87,058 |

The Company is also committed to pay the balance outstanding of two option payments totalling US $260,000 (CDN $340,158) under the Sombrero Butte acquisition agreement. The next payment of US $130,000 (CDN $170,079) is due on October 15, 2016 and the final payment of US $130,000 is due on October 15, 2017.

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

# 9. RELATED PARTY TRANSACTIONS

### Copper Fox

For the three months ended January 31, 2016 the Company capitalized $12,350 (October 31, 2015 - $71,222) for technical services provided by its officers and directors. As at January 31, 2016, $Nil (October 31, 2015 – $Nil) for management services and technical services were included in accounts payable.

### Carmax

At January 31, 2016, included in accounts payable and accrued liabilities is $Nil (October 31, 2015 – (3,806)) owing to companies controlled by directors, $Nil (October 31, 2015 - $4,830) owing to Companies controlled by officers for services rendered to the Company. In addition, for the three month period ended January 31, 2016 $3,750 (October 31, 2015 - $11,900) was paid in rent to companies controlled by either a director or an officer of Carmax and $4,263 (October 31, 2015 – $73,403) was paid and capitalized to Eaglehead for services rendered by a company controlled by a director.

### Promissory Note

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

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

As at January 31, 2016, Copper Fox had loaned Carmax $100,000. This loan outstanding is eliminated upon consolidation of Copper Fox and Carmax.

# 10. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Board, through the Audit Committee, is responsible for identifying the principal risks facing the Company and ensuring that risk management systems are implemented. The Company manages its exposure to financial risks, including credit risk, liquidity risk, interest rate risk, foreign exchange rate risk and commodity price risk in accordance with its risk management framework. The Board reviews the Company's policies periodically.

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at January 31, 2016, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

The Company's financial assets and financial liabilities are categorized as follows:

| | | As At January 31, 2016 | | As At October 31, 2015 | |
|---|---|---|---|---|---|
| | **Input Level** | **Carrying Amount** | **Estimated Fair value** | Carrying Amount | Estimated Fair Value |
| *Financial Assets:* | | | | | |
| Cash | **1** | **$ 2,131,672** | **$ 2,131,672** | $ 1,529,138 | $ 1,529,138 |
| Investments | **1** | **$ 761,805** | **$ 761,805** | $ 761,805 | $ 761,805 |
| | | **$ 2,893,477** | **$ 2,893,477** | $ 2,290,943 | $ 2,290,943 |

| | | As At January 31, 2016 | | As At October 31, 2015 | |
|---|---|---|---|---|---|
| | **Input Level** | **Carrying Amount** | **Estimated Fair value** | Carrying Amount | Estimated Fair Value |
| *Financial Liabilities:* | | | | | |
| Accounts Payable | **1** | **$ 161,781** | **$ 161,781** | $ 433,791 | $ 433,791 |
| | | **$ 161,781** | **$ 161,781** | $ 433,791 | $ 433,791 |

## Fair Value

The estimated fair values, established by IFRS 7, of cash, short term investments and accounts payable approximate their respective carrying values due to the immediate or short period to maturity. The available for sale investments are carried at fair values based on the published or electronic market price quotation.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- *Level 1* - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

- *Level 2* - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- *Level 3* - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

## Risk Management

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

### a) Credit Risk

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and short term investments. To minimize the credit risk the Company places cash with high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

### b) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash and cash equivalent balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at January 31, 2016, the Company has cash and short term investments aggregating $2,893,477 (October 31, 2015 - $2,290,943) and current financial liabilities of $161,782 (October 31, 2015 - $433,791) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

### c) Market Risk

*i) Interest Rate Risk*

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

*ii) Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian dollar. Throughout the year the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

*iii) Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## 11. RISKS AND UNCERTANTIES

### 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 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.

## 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.

### 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

We do 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 DATA

**Common Shares**

**a) Authorized**

An unlimited number of common shares without par value.

**b) Issued and Outstanding**

| Common Shares | Number | Amount |
|---|---|---|
| *Opening Balance, October 31, 2015:* | 407,660,044 | **$ 74,035,461** |
| Additions | 9,400,450 | **1,447,474** |
| **Balance, March 23, 2016** | **417,060,494** | **$ 75,482,935** |

**c) Warrants**

| Share Purchase Warrants | Number | Amount |
|---|---|---|
| **Balance, October 31, 2015 and March 23, 2016** | **3,358,228** | **$ 196,623** |

As of the date of the MD&A, the Company has warrants outstanding entitling the holders to acquire common shares as follows:

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

**d) Stock Options**

| | |
|---|---|
| *Balance, October 31, 2015:* | **1,575,000** |
| Expired | **(1,025,000)** |
| **Balance, March 23, 2016** | **550,000** |

As of the date of the MD&A, the Company has options outstanding entitling the holders to acquire common shares as follows:

| Exercise Price | Issue Date | Expiry Date | Balance Outstanding | Balance Vested |
|---|---|---|---|---|
| $1.04 | April 24, 2012 | April 24, 2017 | 550,000 | **550,000** |
| **Total** | | | **550,000** | **550,000** |

## 14. OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended January 31, 2016, the Company was not a 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 or 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 three months ended January 31, 2016. 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 year ended October 31, 2015.

## 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors that 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 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.

## 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 Metals Inc. is delegated the authority by the Board to review, finalize and approve interim financial statements and the interim MD&A (but not annual-year end reporting), without further reference to, or further approval required by, the Board (pursuant to Section 5.5(3) of NI 51-102). The Audit Committee of Copper Fox Metals Inc. has reviewed and approved the disclosure 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.