Consolidated Financial Statements of

COPPER FOX METALS INC.

October 31, 2013

KPMG LLP
205-5th Avenue SW
Suite 3100, Bow Valley Square 2
Calgary AB
T2P 4B9

Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Copper Fox Metals Inc.

We have audited the accompanying consolidated financial statements of Copper Fox Metals Inc., which comprise the consolidated statements of financial position as at October 31, 2013 and October 31, 2012, the consolidated statements of comprehensive loss (income), changes in equity and cash flows for the years ended October 31, 2013 and October 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Copper Fox Metals Inc. as at October 31, 2013 and October 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants

February 11, 2014
Calgary, Canada

COPPER FOX METALS INC.

Consolidated Statements of Financial Position
As at October 31, 2013 and October 31, 2012

	31-Oct-13	31-Oct-12
Assets		
Current assets:		
Cash and cash equivalents	$ 8,800,237	$ 1,457,148
Trade and other receivables	4,473,194	4,489,291
Prepaid expenses and deposits	261,695	1,754,508
Total current assets	13,535,126	7,700,947
Non-current assets		
Investment	759,305	759,305
Exploration & evaluation assets (note 5)	64,423,199	80,893,642
Property and equipment (note 4)	220,149	914,026
Total non-current assets	65,402,653	82,566,973
Total assets	$ 78,937,779	$ 90,267,920
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 436,662	$ 561,689
Shareholder loan (note 9)	-	2,000,000
Total current liabilities	436,662	2,561,689
Non-current liabilities		
Decommissioning liabilities (note 6)	167,176	696,165
Deferred tax liabilities	4,492,277	8,506,133
Total non-current liabilities	4,659,453	9,202,298
Shareholders' equity		
Share capital (note 7)	73,259,655	79,484,847
Share purchase warrants (note 7)	2,424,210	4,771,977
Contributed surplus	13,993,590	11,469,644
Deficit	(15,835,791)	(17,222,535)
Total shareholders' equity	73,841,664	78,503,933
Total liabilities and shareholders' equity	$ 78,937,779	$ 90,267,920
Commitment (note 11)		

See accompanying notes to financial statements.

On behalf of the Board:

(Signed)
Elmer Stewart, Director

(Signed)
J. Michael Smith, Director

COPPER FOX METALS INC.

Consolidated Statements of Comprehensive Loss/(Income)
Year ended October 31, 2013 and October 31, 2012

	Years Ended	
	October 31, 2013	October 31, 2012
Expenses:		
Administration	$ 1,560,857	$ 1,487,137
Depreciation, amortization and accretion	121,986	164,816
Professional fees	957,897	995,210
Share based compensation	117,089	593,254
Foreign exchange (gain)/loss - Unrealized	(105,076)	(1,467)
Interest (income)	(25,641)	(478)
Net loss before income tax	2,627,112	3,238,472
Deferred income tax expense (income)	(4,013,856)	(29,274)
Net loss (income) and comprehensive loss (income)	$ (1,386,744)	$ 3,209,198
Loss per share - basic and diluted	$ (0.00)	$ 0.01
Weighted average number of shares (note 8)	401,447,882	388,148,045

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of Changes in Equity
Years ended October 31, 2013 and October 31, 2012

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholder Equity
Balance as at October 31, 2012	$ 79,484,847	$ 4,771,977	$ 11,469,644	$ (17,222,535)	$ 78,503,933
Non flow through private placement (Note 7)	4,153,000				4,153,000
Return of capital to shareholders (note 7, 9)	(11,130,351)				(11,130,351)
Common shares issued in connection with options exercised	1,327,462		(516,213)		811,249
Warrants issued	(575,303)	575,303			-
Warrants expired		(2,923,070)	2,923,070		-
Share based compensation			117,089		117,089
Net income for the period				1,386,744	1,386,744
Balance as at October 31, 2013	$ 73,259,655	$ 2,424,210	$ 13,993,590	$ (15,835,791)	$ 73,841,664

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholder Equity
Balance as at October 31, 2011	$ 65,046,827	$ 1,019,607	$ 9,912,109	$ (14,013,337)	$ 61,965,206
Non flow through private placement	18,605,000				18,605,000
Common shares issued in connection with warrants exercised	155,137	(60,013)			95,124
Common shares issued in connection with options exercised	449,860		(201,857)		248,003
Warrants issued	(4,771,977)	4,771,977			-
Warrants expired		(959,594)	959,594		-
Share based compensation			799,798		799,798
Net loss for the period				(3,209,198)	(3,209,198)
Balance as at October 31, 2012	$ 79,484,847	$ 4,771,977	$ 11,469,644	$ (17,222,535)	$ 78,503,933

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Consolidated Statements of Cash Flow
Years ended October 31, 2013 and October 31, 2012

	Year ended	
	October 31, 2013	October 31, 2012
Cash provided by (used in):		
Operations:		
Net income/(loss) for the period	$ 1,386,744	$ (3,209,198)
Deferred income tax	(4,013,856)	(29,274)
Depreciation, amortization and accretion	121,986	164,816
Share based compensation	117,089	593,254
Change in non-cash working capital		
Prepaid expenses	(7,187)	(559,873)
Other receivables	218,842	557,667
Other payables	183,521	(155,423)
Net cash used in operating activities	(1,992,861)	(2,638,031)
Financing:		
Shareholder loan	(2,000,000)	2,000,000
Return of capital to shareholders	(11,130,351)	-
Proceeds from issue of shares and warrants	4,964,250	17,548,127
Net cash from financing activities	(8,166,101)	19,548,127
Investing:		
Mineral property expenditures	(4,456,259)	(12,657,921)
Mineral property acquisitions	(2,343,414)	(1,069,808)
Capital reimbursement from JV	24,659,947	-
Acquisition of property and equipment	(49,675)	(14,416)
Change in non-cash working capital		
Mineral property payables	(308,547)	(2,981,829)
Net cash used in investing activities	17,502,052	(16,723,974)
Increase in cash and cash equivalents during period	7,343,090	186,122
Cash and cash equivalents, beginning of period	1,457,147	1,271,025
Cash and cash equivalents, end of period	$ 8,800,237	$ 1,457,147

See accompanying notes to financial statements.

1. Reporting entity and nature of operations

Copper Fox Metals Inc. ('Copper Fox' or the 'Company') was incorporated under the Business Corporations Act of Alberta. On July 14, 2010 the Company transferred its registration from Alberta and became incorporated under the Business Corporations Act of British Columbia. The Company is engaged in the exploration for and development of porphyry copper mineral properties. Copper Fox's shares trade on the TSX Venture ('TSXV') under the trading symbol CUU. To date, the Company has not earned any revenue from these operations and is considered to be in the exploration and development stage

The Company's registered office is at Suite 650 – 340 12 Avenue SW, Calgary, AB. The consolidated financial statements as at and for the year ended October 31, 2013 comprise the accounts of the Company and its wholly owned subsidiaries.

2. Basis of presentation and significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective as of October 31, 2012.

These consolidated financial statements were approved for issue by the Board of Directors ('BoD') on February 11, 2014.

(b) Basis of measurement

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

Certain prior period balances have been reclassified to conform to the current period's presentation.

(c) Jointly controlled assets and operations

A significant portion of the Company's mining activities involve jointly controlled assets and any liabilities incurred. The financial statements include the Company's share of the jointly controlled assets and liabilities.

(d) Use of estimates and judgements

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

(e) Significant judgements in applying accounting policies

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

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

i. Mineral property and exploration and evaluation assets

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

The Company's assets are aggregated into cash-generating units for the purpose of calculating impairment. Cash generating units ("CGU" or "CGUs") are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgement in regards to shared infrastructure, geographical proximity, similar exposure to market risk and materiality.

(f) Key sources of estimation uncertainty

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

i. Taxation

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

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

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

ii. Share-based compensation

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

iii. Decommissioning liabilities

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

(g) Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to also obtain benefits from its activities. In accessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(h) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to the applicable functional currency at the prevailing period end exchange rate. Non-monetary assets and liabilities are translated at transaction date exchange rates. Revenue and expense items in foreign currencies are translated at the rates of exchange in effect at the time of the transactions. Translation gains and losses are included in operations.

(i) Cash and cash equivalents

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

(j) Financial instruments

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

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

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

(k) Investments

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

(l) Exploration and evaluation assets

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

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

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified within mineral property, plant and equipment.

(m) Decommissioning liabilities and reclamation costs

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

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

(n) Property and equipment

Property and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.
Amortization of property and equipment is calculated using the declining balance method to write off the cost, net of any estimated residual value, over their estimated useful lives as follows:

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

(o) Impairment of long-lived assets:

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

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

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

(p) Income taxes

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

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

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

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

(q) Share-based payments

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

(r) Loss per share

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

(s) Determination of fair values

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

(i) Cash and cash equivalents, trade and other receivables, trade and other payables:

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At October 31, 2013 and October 31, 2012, the fair value of these balances approximated their carrying value due to their short term to maturity.

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

3. Recent accounting pronouncements

The IASB issued a number of new and revised accounting standards that are effective for annual periods beginning on or after January 1, 2013. These standards include the following:

i. IFRS 10, Consolidated Financial Statements;
ii. IFRS 11, Joint Arrangements;
iii. IFRS 12, Disclosure of Interests in Other Entities;
iv. IFRS 13, Fair Value Measurement;
v. Amended IAS 27, Separate Financial Statements;
vi. Amended IAS 28, Investments in Associates and Joint Ventures; and
vii. IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine.

In December 2011, the IASB amended IFRS 9, Financial Instruments, which is effective for periods beginning on or after January 1, 2015. In May 2012, the IASB amended IAS 1, Presentation of Financial Statements, which is effective for annual periods beginning on or after January 1, 2013.

These new and revised accounting standards have not yet been early adopted by Copper Fox at October 31, 2013. The Company has determined that these standards will not have a material impact on its financial statements.

4. Property and equipment

	Rate	Cost	Accumulated Amortization	Net Book Value October 31, 2013	Net Book Value October 31, 2012
Computer equipment	30%	$ 77,645	$ 53,632	$ 24,013	$ 22,531
Furniture & equipment	20%	46,887	33,905	12,982	16,228
Buildings	10%	137,250	68,655	68,595	304,232
Heavy equipment	30%	173,332	144,040	29,292	124,540
Asset retirement obligation		141,914	56,647	85,267	446,495
		$ 577,028	$ 356,879	$ 220,149	$ 914,026

5. Exploration and evaluation assets

	Balance October 31, 2012	Additions	Balance October 31, 2013
Arizona properties			
Acquisition of property rights	$ 977,808	$ 2,325,547	$ 3,303,355
Technical analysis	22,808	526,567	549,375
Licenses and permits	30,119	57,775	87,894
Total Arizona properties	1,030,735	2,909,889	3,940,624
British Columbia Properties			
ES, GS and South Zone			
Acquisition of property rights	3,035,788	17,867	3,053,655
Technical analysis	171,213	17,809	189,022
Sub-total ES, GS and South Zone	3,207,001	35,676	3,242,677
Joint venture capital reimbursement	-	(2,432,008)	(2,432,008)
Total ES, GS and South Zone	3,207,001	(2,396,332)	810,669
SC Zone			
Acquisition of property rights	100	-	100
Technical analysis	80,774,250	3,854,108	84,628,358
Licenses and permits	106,623	-	106,623
Sub-total SC Zone	80,880,973	3,854,108	84,735,081
Joint venture capital reimbursement	-	(20,635,363)	(20,635,363)
BC mineral exploration tax credit	(4,225,067)	(202,745)	(4,427,812)
Total SC Zone	76,655,906	(16,984,000)	59,671,906
Total mineral properties	$ 80,893,642	$ (16,470,443)	$ 64,423,199

	Balance October 31, 2011	Additions	Balance October 31, 2012
Arizona properties			
Acquisition of property rights	$ -	$ 977,808	$ 977,808
Technical analysis	-	22,808	22,808
Licenses and permits	-	30,119	30,119
Total Arizona properties	-	1,030,735	1,030,735
British Columbia Properties			
ES, GS and South Zone			
Acquisition of property rights	2,943,788	92,000	3,035,788
Technical analysis	116,133	55,080	171,213
Total ES, GS and South Zone	3,059,921	147,080	3,207,001
SC Zone			
Acquisition of property rights	100	-	100
Technical analysis	68,017,792	12,756,458	80,774,250
Licenses and permits	106,623	-	106,623
	68,124,515	12,756,458	80,880,973
BC mineral exploration tax credit	-	(4,225,067)	(4,225,067)
Total SC Zone	68,124,515	8,531,391	76,655,906
Total mineral properties	$ 71,184,436	$ 9,709,206	$ 80,893,642

During the year ended October 31, 2013 the Company entered into an agreement with Teck Resources Limited (‘Teck’) to jointly develop the Schaft Creek project in northwestern British Columbia.

Terms of the Schaft Creek Joint Agreement entered into on July 15, 2013.

a) The agreement replaces and supersedes the 2002 option and joint venture agreement between Teck and Copper Fox in connection with Schaft Creek;
b) Teck holds a 75% interest and Copper Fox holds a 25% interest;
c) Teck is the operator of the Schaft Creek Joint Venture Agreement;
d) Teck will pay a total of $60 million in three direct cash payments to Copper Fox: $20 million upon signing the Schaft Creek Joint Venture Agreement, $20 million upon a Production Decision, and $20 million upon the completion of the mine facility. The first $20 million has been received by Copper Fox and credited as a reimbursement of capital, the second and third payments are dependent upon future requirements being met, which cannot be determined at this time. They can be impacted by e and h below and will be recorded when received;
e) In addition, Teck will fund 100% of costs incurred prior to a production decision up to $60 million; Copper Fox’s pro rata share of any pre-production costs in excess of $60 million will be funded by Teck and the direct cash payments payable to Copper Fox will be reduced by an equivalent amount, and Teck will 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.

f) Teck has reimbursed $3.93 million for Schaft Creek mineral tenure acquisition costs and costs related to Stewart Bulk Terminal land reservation agreement incurred by Copper Fox. Of this, $1.5 million has been credited against prepaid expenses in relation to the Port of Stewart agreement and $2.43 million has been credited as a reimbursement of capital against the ES, GS and South Zones in mineral properties;
g) Management of the Joint Venture is made up of two representatives from Teck and Copper Fox with voting proportional to equity interests.
h) Teck has agreed to use all reasonable commercial efforts to arrange project equity and debt financing for project capital costs of constructing a mining operation upon a production decision being made; Teck has agreed to fund Copper Fox's pro rata share of project capital costs by way of loan, if requested by Copper Fox, without dilution to Copper Fox's 25% interest.
i) Teck has also reimbursed Copper Fox for 75% of "transitional expenses" being all expenditures made on the property by Copper Fox from May 1, 2013 to the date of the agreement (July 15, 2013). This amount of $727,939 is credited as a reimbursement of capital against the SC Zone in mineral properties, property and equipment and decommissioning liabilities.

Reconciliation of the cash disposition is as follows:

Allocation	Amount
SC Zone Mineral Property	(20,635,362)
ES, GS & South Zones Mineral Property	(2,432,008)
Port of Stewart Payments	(1,500,000)
Property & Equipment	(586,114)
ARO Liability	493,537
Total	(24,659,947)

The shares representing the 78% interest in Liard Copper Mines Limited ('Liard') that are included in the Schaft Creek Joint Arrangement will be held in the name of Teck for the benefit of Copper Fox (25%) and Teck (75%). Liard holds a 30% net profits interest in the Schaft Creek property. The Company now holds a net interest of 23.82% of the net proceeds of the Schaft Creek project.

In addition to Copper Fox's interest in the Schaft Creek joint arrangement, Copper Fox holds, through Desert Fox Copper Inc. ('Desert Fox') and its wholly-owned subsidiaries, mineral tenures located in Pinal County, Arizona (the 'Sombrero Butte Copper Project') and in Miami, Arizona (the 'Van Dyke Copper Project').

For the year ended October 31, 2013 the Company has capitalized $592,142 (2012 - $616,981 of management and technical services provided by its officers and directors (see note 9). In addition, $Nil (2012 - $206,544 of share based compensation has been capitalized.

At October 31, 2013, the Company has recorded $4,427,812 (October 31, 2012 – $4,225,067) for Mineral Exploration Tax Credit claims which have been recorded as a reduction of exploration and evaluation expenditures. This credit is paid in cash and is recorded as a current receivable on the Company's statement of financial position and is subject to review by Canadian tax authorities.

6. Decommissioning liabilities

The Company's decommissioning liabilities relate to 25% of reclamation and closures costs of the Schaft Creek Property. The total decommissioning liability is based on the Company's estimated costs to reclaim and abandon the property and facilities and the estimated timing of the costs to be incurred in future years. The Company has estimated 25% of the net present value of the decommissioning liabilities to be $167,175 at October 31, 2013 (October 31, 2012 - $696,165 (100%)) based on an undiscounted and inflated future liability of $199,122 (October 31, 2012 - $815,970). These payments are expected to be made in the next 8 years.

The Company's estimated risk free rate of 2.21% (October 31, 2012 – 1.78%) and an inflation rate of 1.27% (October 31, 2012 – 1.40%) were used to calculate the present value of the decommissioning liabilities.

Balance, October 31, 2011	$	700,544
Change in estimate		(18,008)
Accretion		13,629
Balance, October 31, 2012	$	696,165
Joint Arrangement	$	(493,538)
Change in estimate		(46,410)
Accretion		10,959
Balance, October 31, 2013	$	167,176

7. **Share capital**

(a) Authorized

Authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, of which none have been issued. Issued and outstanding shares are as follows:

Common Shares	Number	Amount
Balance, October 31, 2011	380,570,830	65,046,827
Non Flow through shares issued	16,225,329	18,605,000
Value ascribed to warrants issued		(4,771,977)
Options exercised	725,000	248,003
Transfer from contributed surplus on option exercise		201,857
Warrants exercised	126,833	95,124
Transfer from contributed surplus on warrant exercise		60,013
Balance, October 31, 2012	397,647,992	$ 79,484,847
Non Flow through shares issued	5,122,934	4,153,000
Return of capital to shareholders		(11,130,351)
Value ascribed to warrants issued		(575,303)
Options exercised	1,969,118	811,250
Transfer from contributed surplus on option exercise		516,212
Balance, October 31, 2013	404,740,044	$ 73,259,655

During the year ended October 31, 2013, the Company issued the following:

(i) 1,764,706 units at a purchase price of $0.85 per unit, for aggregate net proceeds of $1,500,000. Each unit consists of one common share of Copper Fox and one common share purchase warrant of Copper Fox. Each warrant entitles the holder thereof to acquire one common share of Copper Fox at an exercise price of $1.00 prior to January 22, 2014. This transaction was completed with an insider of the Company and no finder's fees or commissions were paid.

(ii) 3,358,228 units at a purchase price of $0.79 per unit, for aggregate net proceeds of $2,653,000. Each unit consists of one common share of Copper Fox and one common share purchase warrant of Copper Fox. Each warrant entitles the holder thereof to acquire one common share of Copper Fox at an exercise price of $1.00 prior to April 8, 2014. This transaction was completed largely with an insider of the Company and no finder's fees or commissions were paid.

(iii) Return of capital – On August 29, 2013 the Company made a tax free distribution of $0.0275 per share as a return of capital.

(b) Warrants

Share Purchase Warrants	Number	Amount
Balance, October 31, 2011	3,460,167	$ 1,019,607
Issued	14,952,602	4,771,977
Exercised	(126,833)	(60,013)
Expired	(3,333,334)	(959,594)
Balance, October 31, 2012	14,952,602	4,771,977
Issued	5,122,934	575,303
Expired	(9,673,913)	(2,923,070)
Balance, October 31, 2013	10,401,623	$ 2,424,210

As of October 31, 2013, the Company has warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Fair Value	Number of Warrants	Fair Value Amount	Exercise Amount
1.35	13-Dec-13	0.31	3,278,689	1,002,988	4,426,230
1.25	30-Jan-14	0.42	2,000,000	845,919	2,500,000
1.00	22-Jan-14	0.21	1,764,706	378,680	1,764,706
1.00	8-Apr-14	0.21	3,358,228	196,623	3,358,228
			10,401,623	$ 2,424,210	$ 12,049,164

The fair value of the warrants issued during the years ending October 31, 2013 and 2012 were determined using the Black-Scholes valuation model using the following assumptions:

	31-Oct-13	31-Oct-12
Dividend yield	0.00%	0.00%
Expected volatility	61% to 63%	61% to 94%
Risk-free interest rate	1.01% to 1.13%	.95% to 1.16%
Expected life	1 year	1 year

(c) 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 to a maximum of 10 years, the period of time during which the options may vest and become exercisable as well as the option exercise price which shall not be less than the closing price of the Company's share on the Toronto Stock Exchange immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board of Directors as to the recipients of, and nature and size of, share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

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

Balance, October 31, 2011	10,560,000
Issued	950,000
Exercised	(725,000)
Balance, October 31, 2012	10,785,000
Issued	635,000
Exercised	(1,969,118)
Expired	(1,040,882)
Balance, October 31, 2013	8,410,000

Options outstanding are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
$0.78	Feb-07	Jan-14	650,000	650,000
$0.78	Sep-07	Jan-14	350,000	350,000
$0.10	Jul-09	Jul-14	1,000,000	1,000,000
$0.15	Oct-09	Sep-14	3,150,000	3,150,000
$1.69	Mar-11	Mar-16	1,675,000	1,675,000
$1.04	May-12	Apr-17	950,000	950,000
$0.94	Jan-13	Jan-14	635,000	635,000
			8,410,000	8,410,000

During the year ended October 31, 2013 the Company approved an incentive stock option grant to officers and directors of the Company for the purchase of a total of 635,000 shares of Copper Fox at an exercise price of $0.94 per share (2012 – 950,000 at $1.04 per share). All issued options expire on January 22, 2014. During the year ended October 31, 2013 share based compensation expense of $119,089 (2012 – $593,254) was recorded. This amount is recorded to contributed surplus and upon exercise will be recorded as an increase to share capital.

The fair value of the options issued has been determined using the Black-Scholes valuation model using the following assumptions:

	2013	2012
Dividend yield	0.00%	0.00%
Expected volatility	64%	111%
Risk-free interest rate	1.13%	1.47%
Expected life	1 Year	5 Years
Fair value	$0.18	$0.83

8. **Weighted average number of shares**

Loss per share is computed by dividing net loss for the period by the weighted average number of shares outstanding. In computing loss per share the weighted average number of shares outstanding during the year ended October 31, 2013 was 401,447,882 (2012 – 388,148,045) common shares. Stock options and warrants granted by the Company during this period have not been included in the computation of loss per share as they are anti-dilutive.

9. **Related party transactions**

During the year ended October 31, 2013 directors and officers of the Company incurred $1,081,578 (2012 - $902,981) for management and technical services on behalf of the Company. At October 31, 2013 Nil (2012 – $43,199) is included in accounts payable. Share based compensation issued to related parties during the year ended October 31, 2012 was 365,000 options for a total fair market value of $67,303 (2012 – 500,000 options, $413,078).

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

	October/31/13	October/31/12
Salaries and consulting compensation	$ 1,079,298	$ 899,275
Cash distribution-return of capital	6,821,082	-
Share based compensation	80,210	784,848
	$ 7,980,590	$ 1,684,123

During the year the Company repaid, in cash, the $2,000,000 shareholder loan to a non-director of the Company. The loan was classified as current and carried no interest.

10. **Income Taxes**

Reconciliation of the Effective Tax Rate

	October 31, 2013	October 31, 2012
Net income before tax	$ (2,627,112)	$ (3,238,472)
Tax rate	25.58%	25.25%
Expected tax	(672,015)	(817,714)
Permanent differences	529,766	149,797
Rate and other	59,325	32,415
Change in unrecognized deferred tax asset	(3,930,932)	606,229
Future income tax recovery	$ (4,013,856)	$ (29,273)

Due to a change in provincial tax rates in British Columbia, the Company's tax rate increased to 25.58% from 25.25% in the prior year.

Deferred Tax Assets and Liabilities

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

	October 31, 2013	October 31, 2012
Deductible temporary differences	$ 185,722	$ 406,733
Non-capital losses	4,482	3,714,703
	$ 190,504	$ 4,121,436

b) The Company has income tax loss carry-forwards of approximately $12,000 (2012 - $14.8 million) for both Canadian and U.S. tax purposes.

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

Deferred tax assets	October 31, 2013	October 31, 2012
Other	225,642	-
	225,642	-
Deferred tax liabilities		
Property and equipment	(4,711,404)	(8,506,133)
Other	(6,514)	-
	(4,717,919)	(8,506,133)
Net	$ (4,492,277)	$ (8,506,133)

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

	Property and equipment	Other	Total
Balance, November 1, 2011	$ (8,535,407)	$ -	$ (8,535,407)
Recognized in statement of comprehensive loss	29,274	-	29,274
Balance, October 31, 2012	(8,506,133)	-	(8,506,133)
Recognized in statement of comprehensive loss	3,795,729	218,127	4,013,856
Balance, October 31, 2013	$ (4,710,404)	$ 218,127	$ (4,492,277)

11. **Commitments**

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

Period	Nov 1, 2013 - Jun 30, 2014
Amount	$ 90,903

The Company is required to pay US $520,000 under an acquisition agreement. The first payment of US $130,000 is due on October 15, 2014 and on each October 15 thereafter with the final payment being in 2017.

In the Schaft Creek joint arrangement, the Company is responsible for 25% of pre-production costs beyond $60 million and 25% of capital costs following a production decision.

12. **Financial instruments**

1) Non-derivative instruments
   Non-derivative financial instruments comprise cash and cash equivalents, receivables, deposits and trade and other payables. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

   Financial assets at fair value through profit or loss

   An instrument is classified at fair value through profit or loss if it is held for trading or is designated such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has classified cash and cash equivalents as fair value through profit or loss.

   Other non-derivative financial instruments, such as trade and other receivables, deposits and trade and other payables are measured at amortized cost using the effective interest method, less any impairment losses. Due to the short-term nature of trade and other receivables and trade and other payables, their carrying values approximate fair value.

2) Derivative financial instruments
   The Company has not entered into any financial derivative contracts.

3) Share capital
   Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, share options and warrants are recognized as a deduction from equity, net if any tax effects.

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

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

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

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

- Level 1 – observable inputs such as quoted prices in active markets;
- 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.

During the years ended October 31, 2013 and 2012, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

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

- Credit risk
- Market risk
- Liquidity risk

The following discussion presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees managements' establishment and execution of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks encountered by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

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 the tax office. The maximum exposure to credit risk at October 31, 2013 is $4,473,194 (2012 - $4,489,291) comprising the BC mining exploration tax credit and GST receivable.

Market risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of 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. In the year ended October 31, 2013 the Company began preliminary exploration activities in the United States. As such, the Company is exposed to any fluctuations in the United States dollar to Canadian dollar exchange rate.

- Interest rate risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has no financial instruments that could otherwise be exposed to interest rate risk.

- 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 and global economic events that dictate the 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. 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.

Capital management:

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

13. Geographic segments

	October 31, 2013	October 31, 2012
Net income/(loss)		
Canada	$ 1,313,590	$ (2,847,968)
United States	(147,870)	(361,230)
	1,165,720	(3,209,198)
Capital expenditures		
Canada	3,889,784	12,903,538
United States	2,909,889	1,030,735
	6,799,673	13,934,273
Total assets		
Canada	74,864,410	82,732,238
United States	4,075,581	1,030,735
	$ 78,939,991	$ 83,762,973