Consolidated Financial Statements of

COPPER FOX METALS INC.

October 31, 2014

KPMG LLP
Chartered Accountants
3100-205 5 Avenue SW
Calgary AB T2P 4B9

Telephone (403) 691-8000
Telefax (403) 691-8008
Internet 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, 2014 and October 31, 2013, the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Copper Fox Metals Inc. as at October 31, 2014 and October 31, 2013, 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 23, 2015
Calgary, Canada

COPPER FOX METALS INC.

Consolidated Statements of Financial Position
As at October 31, 2014 and October 31, 2013

	31-Oct-14	31-Oct-13
Assets		
Current assets:		
Cash and cash equivalents	$ 1,654,521	$ 8,800,237
Trade and other receivables (note 2, (g))	4,904,951	4,473,194
Prepaid expenses and deposits	322,799	261,695
Total current assets	6,882,271	13,535,126
Non-current assets		
Investments (note 7)	764,305	759,305
Exploration & evaluation assets (note 5)	72,224,682	64,423,199
Property and equipment (note 4)	196,365	220,149
Total non-current assets	73,185,352	65,402,653
Total assets	$ 80,067,623	$ 78,937,779
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 580,326	$ 436,662
Total current liabilities	580,326	436,662
Non-current liabilities		
Decommissioning liabilities (note 8)	214,781	167,176
Deferred tax liabilities (note 13)	3,109,742	4,492,277
Total non-current liabilities	3,324,523	4,659,453
Shareholders' equity		
Share capital (note 9)	74,035,461	73,259,655
Share purchase warrants (note 9)	196,623	2,424,210
Contributed surplus	15,823,771	13,993,590
Non-controlling interest (note 6)	2,592,674	-
Currency translation reserve	543,026	105,076
Deficit	(17,028,781)	(15,940,867)
Total shareholders' equity	76,162,774	73,841,664
Total liabilities and shareholders' equity	$ 80,067,623	$ 78,937,779
Commitments (note 14)		
Subsequent event (note 17)		

See accompanying notes to consolidated financial statements.

On behalf of the Board:

(Signed)
Elmer B. Stewart, Director

(Signed)
J. Michael Smith, Director

COPPER FOX METALS INC.

Consolidated Statements of Comprehensive (Income)/Loss
Years ended October 31, 2014 and October 31, 2013

	Years Ended	
	October 31, 2014	October 31, 2013
Expenses:		
Administration	$ 1,422,530	$ 1,560,857
Depreciation, amortization and accretion	42,391	121,986
Professional fees	1,065,889	957,897
Share based compensation	259,610	117,089
Interest income	(56,976)	(25,641)
Net loss before income tax	2,733,444	2,732,188
Deferred income tax (recovery)/expense (note 13)	(1,382,535)	(4,013,856)
Net (income)/loss	1,350,909	(1,281,668)
Other comprehensive (income)/loss		
Foreign currency translation	(437,950)	(105,076)
Total comprehensive (income)/loss	$ 912,959	$ (1,386,744)
Net (income)/loss attributable to		
Common shareholders	1,087,914	(1,281,668)
Non-controlling interest	262,995	-
Net (income)/loss	1,350,909	(1,281,668)
Total comprehensive (income)/loss attributable to:		
Common shareholders	649,964	(1,386,744)
Non-controlling interest	262,995	-
Total comprehensive (income)/loss	912,959	$ (1,386,744)
Loss/(income) per share - basic and diluted	$ 0.00	$ (0.00)
Weighted average number of shares (note 10)	405,529,414	401,447,882

See accompanying notes to consolidated financial statements.

COPPER FOX METALS INC.

Consolidated Statements of Changes in Equity
Years ended October 31, 2014 and October 31, 2013

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

	Share Capital	Warrants	Contributed Surplus	Currency Translation Reserve	NCI	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	4,153,000	-	-	-	-	-	4,153,000
Return of capital to shareholders	(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
Currency translation adjustment	-	-	-	105,076			105,076
Net loss for the period	-	-	-	-	-	1,281,668	1,281,668
Balance as at October 31, 2013	$ 73,259,655	$ 2,424,210	$ 13,993,590	$ 105,076	$ -	$ (15,940,867)	$ 73,841,664

See accompanying notes to consolidated financial statements.

COPPER FOX METALS INC.

Consolidated Statements of Cash Flow
Years ended October 31, 2014 and October 31, 2013

	Year Ended	
	October 31, 2014	October 31, 2013
Cash provided by (used in):		
Operations:		
Net income/(loss) for the year	$ (1,350,909)	$ 1,281,668
Deferred income tax	(1,382,535)	(4,013,856)
Depreciation, amortization and accretion	42,391	121,986
Share based compensation	259,610	117,089
Change in non-cash working capital		
Prepaid expenses	73,896	(7,187)
Other receivables	(106,933)	218,842
Other payables	149,181	183,521
Net cash used in operating activities	(2,315,299)	(2,097,937)
Financing:		
Shareholder loan	-	(2,000,000)
Return of capital to shareholders	-	(11,130,351)
Proceeds from issue of shares and warrants	1,779,688	4,964,250
Net cash from financing activities	1,779,688	(8,166,101)
Investing:		
Acquisition of Carmax	(1,237,025)	-
Mineral property expenditures	(5,951,229)	(4,456,259)
Mineral property acquisitions	(179,942)	(2,343,414)
Cash acquired from acquisition	353,906	-
Capital reimbursement from JA	-	24,659,947
Acquisition of property and equipment	(4,261)	(49,675)
Change in non-cash working capital		
Mineral property payables	296,690	(208,955)
Net cash used in investing activities	(6,721,861)	17,502,052
Increase in cash and cash equivalents during the year	(7,257,472)	7,238,014
Effect of translation of foreign currency cash	111,756	5,484
Cash and cash equivalents, beginning of year	8,800,237	1,457,147
Cash and cash equivalents, end of year	$ 1,654,521	$ 8,800,237

See accompanying notes to consolidated financial statements.

1. Reporting entity and nature of operations

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

The Company's registered office is Suite 650, 340 – 12 Avenue SW, Calgary, AB. These consolidated financial statements include the accounts of the Company and the accounts of its 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').

These consolidated financial statements were approved for issue by the Board of Directors on February 23, 2015.

(b) Basis of measurement

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

(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) Functional currency and foreign currency transactions

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

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

(e) 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.

(f) 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.

(g) 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, exploration credits, provision for income taxes, anticipated costs of asset retirement obligations and the valuation of deferred income tax assets, mineral property interests and exploration and evaluation expenditures.

i. Taxation

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

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

iv. Exploration credits

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

The calculation of the Company's credits necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to tax credit related to resources and to mining tax credit, exploration and evaluation assets and income tax expense in future periods.

The amounts recognized in the financial statements are derived from the Company's best estimation and management's judgment as described above, however, the currently ongoing review by the taxation authority and the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore have an impact on the Company's financial position and its cash flows.

v. Exploration and evaluation expenditures

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

vi. Mineral property interests

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.

(h) Basis of Consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its control over the entity. All significant intercompany transactions and balances have been eliminated. Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original acquisition plus the non-controlling interests share of changes in equity since the date of acquisition. All of the Company's material subsidiaries are wholly owned except for Carmax Mining Corp. ('Carmax') ('TSX-V: CXM'), of which the Company owns 42.09% of the outstanding common shares. The consolidated financial statements include 100% of the assets and liabilities related to Carmax and include a non-controlling interest representing 57.91% of Carmax's assets and liabilities not owned by the Company. Accounting policies are applied consistently throughout all consolidated entities.

(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. 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 in 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 profit or loss.

(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) Contingent liabilities

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

(q) 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.

(r) 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.

(s) Earnings per share

Basic earnings per share is calculated by dividing net earnings 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 earnings per share have not been included in the computation of diluted earnings per share because to do so would be anti-dilutive.

(t) 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, 2014 and October 31, 2013, 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.

These new and revised accounting standards have been adopted by Copper Fox, and the Company has determined there is no impact on the amounts recorded in its financial statements as at October 31, 2014, but resulted in additional disclosure with regards to IFRS 13.

4. **Property and equipment**

	Rate	Cost	Accumulated Amortization	Net Book Value October 31, 2014	Net Book Value October 31, 2013
Computer equipment	30%	$ 82,544	$ 62,112	$ 20,432	$ 24,013
Furniture & equipment	20%	46,887	36,501	10,386	12,982
Buildings	10%	137,250	75,515	61,735	68,595
Heavy equipment	30%	173,332	152,828	20,504	29,292
Field Equipment Eaglehead		8,500	7,729	771	-
Asset retirement obligation		150,639	68,102	82,537	85,267
		$ 599,152	$ 402,787	$ 196,365	$ 220,149

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.

5. **Exploration and evaluation assets**

	Balance October 31, 2013	Additions	Balance October 31, 2014
Arizona properties			
Van Dyke Project			
Acquisition of property rights	$ 2,559,781	$ 25,312	$ 2,585,093
Technical analysis	451,963	4,138,164	4,590,127
Licenses and permits	48,078	7,951	56,029
Foreign Exchange	21,883	250,374	272,258
Total Van Dyke Project	3,081,705	4,421,802	7,503,507
Sombrero Butte Project			
Acquisition of property rights	$ 701,205	$ 146,614	$ 847,819
Technical analysis	96,426	70,878	167,304
Licenses and permits	38,511	25,955	64,466
Foreign Exchange	22,777	63,935	86,712
Total Sombrero Butte Project	858,919	307,382	1,166,301
Total Arizona properties	3,940,624	4,729,184	8,669,808
British Columbia Properties			
Schaft Creek			
Acquisition of property rights	$ 3,053,755	$ -	$ 3,053,755

Technical analysis	61,750,009	66,845	61,816,854
Licenses and permits	106,623	-	106,623
Sub-total Schaft Creek	64,910,387	66,845	64,977,232
BC mineral exploration tax credit	(4,427,812)	-	(4,427,812)
Total Schaft Creek	60,482,575	66,845	60,549,420
Eaglehead			
Technical analysis	-	3,005,454	3,005,454
Total Eaglehead	-	3,005,454	3,005,454
Total mineral properties	$ 64,423,199	$ 7,801,483	$ 72,224,682

	Balance October 31, 2012	Additions	Balance October 31, 2013
Arizona properties			
Van Dyke Project			
Acquisition of property rights	$ 488,904	$ 2,070,877	$ 2,559,781
Technical analysis	13,924	438,039	451,963
Licenses and permits	6,817	41,261	48,078
Foreign exchange	-	21,883	21,883
Total Van Dyke Project	509,645	2,572,060	3,081,705
Sombrero Butte Project			
Acquisition of property rights	$ 488,904	$ 212,301	$ 701,205
Technical analysis	8,884	87,542	96,426
Licenses and permits	23,302	15,209	38,511
Foreign Exchange	-	22,777	22,777
Total Sombrero Butte Project	521,090	337,829	858,919
Total Arizona properties	1,030,735	2,909,889	3,940,624
British Columbia Properties			
Schaft Creek			
Acquisition of property rights	3,035,888	17,867	3,053,755
Technical analysis	80,945,463	3,871,917	84,817,380
Licenses and permits	106,623	-	106,623
Sub-total Schaft Creek	84,087,974	3,889,784	87,977,758

Joint venture capital reimbursement	-	(23,067,371)	(23,067,371)
BC mineral exploration tax credit	(4,225,067)	(202,745)	(4,427,812)
Total Schaft Creek	79,862,907	(19,380,332)	60,482,575
Total mineral properties	$ 80,893,642	$ (16,470,443)	$ 64,423,199

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

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

Also, the Company holds a controlling interest in Carmax which holds the Eaglehead property located in northwestern British Columbia (see note 6).

For the year ended October 31, 2014 the Company capitalized $131,927 (2013 - $592,142) of technical services provided by its officers and directors.

At October 31, 2014, the Company has recorded $4,427,812 (October 31, 2013 – $4,427,812) 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. See note 2 (g) v.

6. **Acquisition purchase price equation**

On May 29, 2014 the Company, through its wholly-owned subsidiary Northern Fox Copper Inc., acquired 20,000,000 units of Carmax for an aggregate price of $1 million. Units (each a 'Unit') were purchased at a price of $0.05 per Unit and consisted of one previously unissued common share ('Share') and one common share purchase warrant ('Warrant') of Carmax. Each Warrant is exercisable until May 29, 2016 and entitles the holder, on exercise, to purchase one additional common share of Carmax at a price of $0.075 per share.

Moreover, pursuant to the acquisition, Carmax granted Copper Fox certain rights, including, but not limited to:

- the right to nominate two members to the Board of Carmax at each annual meeting of Carmax's shareholders;
- the pre-emptive right to participate in any equity financing of Carmax, so as to maintain its pro rata percentage shareholding in Carmax; and
- the right to make top-up investments in Carmax, by way of future private placements, so as to maintain its pro rata percentage shareholding in Carmax.

The aforementioned rights are, however, subject to Copper Fox and its affiliates maintaining ownership of 20% of Carmax's issued and outstanding common shares.

Prior to the completion of the transaction, Copper Fox and its subsidiaries held no common shares or other securities of Carmax. After giving effect to the acquisition of the Units, Copper Fox beneficially owns and controls 20,000,000 shares of Carmax, representing 42.09% of the issued and outstanding common shares of Carmax on an undiluted basis as at May 29, 2014 (based on a total of 47,515,997 common shares of Carmax issued and outstanding).

Copper Fox also holds Warrants issued pursuant to the transaction which entitle Copper Fox to acquire an additional 20,000,000 common shares of Carmax, which together with the above noted shares represent approximately 59% of the issued and outstanding common shares of Carmax, calculated on a partially-diluted basis as of May 29, 2014, assuming the exercise of all Warrants issued pursuant to the Private Placement held by Copper Fox.

Fair value of net assets acquired		
Exploration and evaluation assets (Eaglehead)	$	831,862
Cash		148,959
Current assets		91,112
Investment		2,946
Property and equipment		862
Current liabilities		(61,149)
Decommissioning liabilities		(14,592)
Net assets acquired	$	1,000,000
Consideration		
Cash	$	1,000,000
Total consideration paid	$	1,000,000

On July 9, 2014, Carmax closed a private placement of 4,660,000 shares. This transaction brought the total issued and outstanding shares of Carmax to 52,175,997 of which Copper Fox's percentage of shareholding is 38.33%. Accordingly, on July 9, 2014, Copper Fox announced its intention to exercise its pre-emptive right to maintain its pro rata percentage shareholding of 42.09%. On September 25, 2014 this pre-emptive right transaction was completed by Copper Fox paying cash of $237,025 for 3,386,078 shares. The total issued and outstanding shares of Carmax is 55,562,075 of which Copper Fox holds 23,386,078 (42.09%).

The Company has determined that it controls Carmax notwithstanding that it owns less than 50% of the voting interests. The factors the Company considered in making this determination include the size of its block of voting shares, the relative size and dispersion of holdings by other shareholders and the current warrants held by the Company.

The non-controlling interest is as follows:

	Ownership interest held by NCI at October 31	
Name	2014	2013
Carmax Mining Corp	57.91%	0.00%

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

	Carmax October 31	
	2014	2013
Total comprehensive income/(loss)	$ (454,145)	$ -
Total comprehensive income/(loss) attributable to non-controlling interest	(262,995)	
Current assets	852,501	-
Non-current assets	8,392,509	-
Current liabilities	(190,274)	-
Non-current liabilities	(34,904)	-
Consolidation fair value adjustments	(4,542,757)	
Net assets	4,477,075	-
Net assets attributable to non-controlling interest	2,592,674	-
Consolidation adjustments		
Net assets attributable to non-controlling interest, after consolidation	2,592,674	
Cash flows from operating activities	(100,817)	-
Cash flows from investing activities	(1,034,034)	-
Cash flows from financing activities	401,228	-
Net increase/(decrease) in cash and cash equivalents	(733,623)	-

7. **Investments**

Copper Fox holds 29,342 shares of Liard Copper Mines Ltd. ('Liard'), a private company incorporated in British Columbia. Liard holds a 30% net proceeds interest royalty in the Schaft Creek project. The shares held by Copper Fox are in addition to the shares held by the joint venture and represent approximately 1.55% of the issued and outstanding shares of Liard.

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

8. 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 $179,877 at October 31, 2014 (October 31, 2013 - $167,176) based on an undiscounted and inflated future liability of $209,188 (October 31, 2013 - $199,122). These payments are expected to be made in the next 7 years.

The Company's estimated risk free rate of 2.18% (October 31, 2013 – 2.21%) and an inflation rate of 2.17% (October 31, 2013 – 1.27%) were used to calculate the present value of the decommissioning liabilities.

Also included in the decommissioning liabilities is the amount for the Eaglehead property acquired.

Balance, October 31, 2012	$	696,165
JV Adjustment		(493,538)
Revisions		(46,410)
Accretion		10,959
Balance, October 31, 2013	$	167,176
Revisions		8,724
Accretion		3,977
Acquisition (note 6)		34,904
Balance, October 31, 2014	$	214,781

9. **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, without par value, of which none have been issued. Issued and outstanding shares are as follows:

Common Shares	Number		Amount
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
Options exercised	2,920,000		378,400
Transfer from contributed surplus on option exercise	-		397,406
Balance, October 31, 2014	407,660,044	$	74,035,461

(b) Warrants

Share Purchase Warrants	Number		Amount
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
Expired	(7,043,395)		(2,227,587)
Balance, October 31, 2014	3,358,228	$	196,623

As of October 31, 2014, 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	8-Apr-15	$ 0.0585	3,358,228	$ 196,623

(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, 2012	10,785,000
Issued	635,000
Exercised	(1,969,118)
Expired	(1,040,882)
Balance, October 31, 2013	8,410,000
Exercised	(2,920,000)
Expired	(3,840,000)
Balance, October 31, 2014	1,650,000

Options outstanding are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
$1.69	Mar-11	Mar-16	1,050,000	1,050,000
$1.04	May-12	Apr-17	600,000	600,000
			1,650,000	1,650,000

10. Weighted average number of shares

Loss/(income) per share is computed by dividing net loss/(income) for the period by the weighted average number of shares outstanding. In computing loss/(income) per share the weighted average number of shares outstanding during the year ended October 31, 2014 was 405,529,414 (2013 – 401,447,882) common shares. Stock options and warrants granted by the Company during this period have not been included in the computation of loss/(income) per share as they are anti-dilutive.

11. Related party transactions

During the year ended October 31, 2014, directors and officers of the Company incurred $69,750 (2013 - $1,081,578) for management and technical services on behalf of the Company. At October 31, 2014 Nil (2013 – Nil) is included in accounts payable.

12. 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/31/14		October/31/13	
Salaries and consulting compensation	$	403,958	$	1,079,298
Cash distribution-return of capital		-		6,821,082
Share based compensation		-		80,210
	$	403,958	$	7,980,590

13. **Income Tax**

Reconciliation of the Effective Tax Rate

	October-31-14		October-31-13	
Net income before tax	$	(2,733,444)	$	(2,672,745)
Tax rate		26.00%		25.58%
Expected tax		(710,695)		(683,777)
Flow through share expense reinstated		(1,403,073)		-
Permanent differences		421,757		529,766
Rate and other		(17,626)		71,138
Change in unrecognized deferred tax asset		327,102		(3,930,932)
Deferred income tax recovery	$	(1,382,535)	$	(4,013,805)

Deferred Tax Assets and Liabilities

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

	October-31-14		October-31-13	
Deductible temporary differences	$	1,184,584	$	185,722
Non-capital losses		1,407,768		4,782
	$	2,592,352	$	190,504

b) The Company has income tax loss carry-forwards of approximately $5.6 million. The Company has unrecognized income tax loss carry-forward in Canada of $4,400,000 (2013 - Nil) and in the US of $691,000 (2013 - $13,000). The non-capital losses in Canada expire in the years 2015-2034, and in the US expire in the years 2033-2034.

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

	October-31-14		October-31-13	
Deferred tax assets				
NCL	$	132,549	$	-
Other		206,401		225,642
		338,950		225,642

Property and equipment Other	(3,448,692) -	(4,711,404) (6,514)
	(3,448,692)	(4,717,919)
Net	$ (3,109,742)	$ (4,492,277)

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

	Property and equipment	Other	NCL	Total
Balance, November 1, 2013	$ (4,711,404)	$ 219,128	$ -	$(4,492,277)
Recognized in Statement of comprehensive loss	1,262,712	(12,727)	132,549	1,382,535
Balance, October 31, 2014	$ (3,448,692)	$ 206,401	$ 132,549	$(3,109,742)

14. **Commitments**

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

Period	2015	2016	2017	2018	2019
Amount	$ 110,682	$ 110,682	$ 112,031	$ 116,078	$ 87,058

The Company is required to pay US $390,000 under the Sombrero Butte acquisition agreement. The next payment of US $130,000 is due on October 15, 2015 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. Copper Fox's pro rata share of any pre-production costs in excess of $60 million will be funded by Teck and the two remaining direct cash payments payable to Copper Fox (based on certain milestones being achieved) 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.

15. **Financial instruments**

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

Determination of fair value

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

The carrying amounts for cash, cash equivalents, 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. The Company's investment in Alexandria Minerals is a Level 1 instrument;
- Level 2 – inputs, other than the quoted market prices in active markets, which are observable, either directly and/or indirectly; and
- Level 3 – unobservable inputs for the asset or liability in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Company's investment in Liard is a level 3 instrument.

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

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, 2014 is $4,904,951 (October 31, 2013 - $4,473,194) 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, 2014 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.

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

As at October 31, 2014, the Company had $874,459 in US denominated cash balances.

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

16. **Geographic segments**

Years ended	October 31, 2014	October 31, 2013
Net income/(loss) before income tax		
Canada	$ (2,050,480)	$ (2,584,318)
United States	(682,964)	(147,870)
	(2,733,444)	(2,732,188)
Capital expenditures		
Canada	2,030,115	3,889,784
United States	4,729,184	2,889,889
	6,759,299	6,779,673
As At	October 31, 2014	October 31, 2013
Total assets		
Canada	71,204,534	74,862,198
United States	8,863,089	4,075,581
	$ 80,067,623	$ 78,937,779

17. **Subsequent Event**

Subsequent to October 31, 2014, on January 14, 2015 the Company closed a private placement with Carmax by exercising its pre-emptive right to maintain its' pro rata percentage shareholding of 42.09%. The Company paid $109,023 for 2,180,450 shares of Carmax. The total issued and outstanding shares of Carmax is 60,742,524 of which Copper Fox holds 25,566,528 (42.09%).