Unaudited Financial Statements of

COPPER FOX METALS INC.

Three and nine months ended July 31, 2010 and 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Copper Fox Metals Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor have read and commented but has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Signed: Elmer Stewart

Elmer Stewart
President and CEO

Signed: Murray Hunter

Murray Hunter
Chief Financial Officer

COPPER FOX METALS INC.

Balance sheets
As at July 31, 2010 and October 31, 2009
(unaudited)

		31-Jul-10		31-Oct-09
Assets				
Current assets:				
Cash and cash equivalents	$	2,374,821	$	2,638,927
Accounts receivable		284,819		62,933
Prepaid expenses and deposits		947,517		349,603
		3,607,157		3,051,463
Mineral properties (note 5)		17,045,572		9,855,549
Property and equipment (note 4)		573,744		648,751
	$	21,226,473	$	13,555,763
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	884,877	$	507,122
Asset retirement obligations (note 9)		366,121		345,055
Shareholders' equity:				
Share capital (note 6)		48,044,201		37,182,648
Share purchase warrants (note 6)		690,465		3,216,446
Contributed surplus (note 6)		8,431,680		8,302,682
Deficit		(37,190,871)		(35,998,190)
		19,975,475		12,703,586
	$	21,226,473	$	13,555,763
Going concern (note 2)				
Commitments (note 10)				

See accompanying notes to financial statements.

On behalf of the Board:

(Signed)
Elmer Stewart, Director

(Signed)
J. Michael Smith, Director

COPPER FOX METALS INC.

Statements of loss and comprehensive loss and deficit
Three and nine months ended July 31, 2010 and 2009
(unaudited)

	Three Months Ended		Nine Months Ended	
	July 31, 2010	July 31, 2009	July 31, 2010	July 31, 2009
Expenses:				
Administration	$ 216,689	$ 219,242	$ 509,483	$ 592,763
Amortization and accretion	34,382	43,454	102,675	124,929
Insurance	65,409	47,772	65,409	47,772
Mineral property write down (note 11)	-	-	-	31,000,000
Professional Fees	78,312	89,903	241,221	311,588
Processing fees	10,035	47,742	45,800	67,030
Rent	7,203	5,702	21,633	23,483
Stock Based Compensation	4,983	29,901	128,998	24,610
Travel	19,879	7,140	77,792	33,829
Interest Income	(100)	-	(330)	(379)
Loss before income taxes	436,792	490,856	1,192,681	32,225,625
Future income tax (reduction)	-	-	-	(2,167,646)
Net loss and comprehensive loss	436,792	490,856	1,192,681	30,057,979
Deficit, beginning of period	36,754,079	37,040,709	35,998,190	7,473,586
Deficit, end of period	$ 37,190,871	$ 37,531,565	$ 37,190,871	$ 37,531,565
Loss per share – basic and diluted (note 7)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.27)

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of cash flows
Three and nine months ended July 31, 2010 and 2009
(unaudited)

	Three Months Ended		Nine Months Ended	
	July 31, 2010	July 31, 2009	July 31, 2010	July 31, 2009
Cash provided by (used in):				
Operations:				
Net loss for the period	$ (436,792)	$ (490,856)	$ (1,192,681)	$ (30,057,979)
Items not involving cash:				
Amortization and accretion	34,382	43,454	102,675	124,929
Property write down	-	-	-	31,000,000
Stock-based compensation	4,983	29,901	128,998	24,610
Future income tax reduction	-	-	-	(2,167,646)
Change in non-cash working capital	578,250	(44,133)	(141,419)	674,017
	180,823	(461,634)	(1,102,427)	(402,069)
Financing:				
Issue of shares and warrants	5,862,301	5,777,994	8,335,572	5,777,994
Investing:				
Mineral property expenditures	(3,898,986)	(129,102)	(7,190,023)	(745,563)
Additions to property and equipment		-		-
Net change in non-cash working capital	(239,299)	(3,307,036)	(307,228)	(3,654,744)
	(4,138,285)	(3,436,138)	(7,497,251)	(4,400,307)
Increase/(decrease) in cash during period	1,904,839	1,880,222	(264,106)	975,618
Cash and cash equivalents, beginning of period	469,982	34,858	2,638,927	939,462
Cash and cash equivalents, end of period	$ 2,374,821	$ 1,915,080	$ 2,374,821	$ 1,915,080
Supplementary information:				
Interest received	$ 100	$ -	$ 330	$ 379

See accompanying notes to financial statements.

1. COMPANY 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 in Western Canada. Since inception, the efforts of the Company have been devoted to verifying the historical exploration information and completion of a feasibility study of the Schaft Creek copper-molybdenum-gold-silver porphyry deposit located in northwest British Columbia. 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 mineral license is in the advanced exploration stage.

2. GOING CONCERN

These financial statements have been prepared by management in accordance with accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

At July 31, 2010, the Company had working capital, defined as current assets less current liabilities, of $2,722,280 and a deficit of $37,190,871 and had incurred a net loss of $436,792 and $1,192,681 for the three and nine month periods ended July 31, 2010. During the three and nine months ended July 31, 2010 the Company received $5,862,301 and $8,335,572, respectively, in proceeds on the exercise of warrants compared to Nil in the three and nine months ended July 31, 2009.

These financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its asset in the normal course of business at the values at which they are carried in these financial statements, and that the Company will be able to continue its business activities. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption be determined to be inappropriate, and these adjustments could be material.

3. ACCOUNTING POLICIES

These interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the year ended October 31, 2009. The disclosures included below are incremental to those included with the annual financial statements.

The Canadian Accounting Standards Board has announced that International Financing Reporting Standards (IFRS) will replace Canada's current GAAP for publically-accountable, profit-oriented enterprises starting January 1, 2011. The Company will be required to adopt these standards commencing November 1, 2011. The Company has evaluated the different accounting policy options that will be available under IFRS. The Company anticipates that the most significant adjustment to the Company's financial statements will relate to the carrying value of its mineral property at Schaft Creek. After completion of the Feasibility Study on the economic viability of the Schaft Creek property the Company believes that the fair value of this asset will substantially exceed its current carrying value. Upon adoption of the IFRS accounting standards, the Company will have the option of reinstating costs that were previously written down ($31,000,000) or potentially writing up its carrying value to an amount that represents its fair value. A decision related to this adjustment cannot be made until all of the information and facts are available after completion of the Feasibility Study. Additionally, the Company has determined that adjustments will be required to the opening future tax balances as well as adjustments for the accounting for stock based compensation and asset retirement obligations. The Company has completed the review of its accounting systems to properly implement any required changes resulting from the adoption of IFRS.

These interim financial statements should be read in conjunction with the financial statements and notes thereto for the year ended October 31, 2009.

4. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and amortization is determined using the declining balance method using the rates below which approximate the estimated useful life of the asset. Property and equipment consist of the following:

	Rate	Cost	Accumulated Amortization	Net Book Value July 31, 2010	Net Book Value October 31, 2009
Buildings	10%	$ 549,000	$ 158,146	$ 390,854	$ 422,544
Furniture & equipment	20%	40,616	21,231	19,385	17,176
Heavy equipment	30%	566,020	417,840	148,180	191,200
Leasehold improvements	20%	1,197	885	312	367
Computer equipment	30%	45,963	30,950	15,013	17,464
		$ 1,202,796	$ 629,052	$ 573,744	$ 648,751

5. MINERAL PROPERTIES

	Balance October 31, 2009	Expenditures	Balance July 31, 2010
Acquisition of property rights	$ 100	$ -	$ 100
Technical analysis	40,474,700	7,190,023	47,664,723
Licenses and permits	106,623	-	106,623
Asset retirement costs	274,126	-	274,126
	40,855,549	7,190,023	48,045,572
Property write down	(31,000,000)	-	(31,000,000)
	$ 9,855,549	$ 7,190,023	$ 17,045,572

Copper Fox is a Canadian-based resource company listed on the TSX-Venture Exchange (CUU). Copper Fox's activities are focused exclusively on Schaft Creek, one of the largest undeveloped copper, gold, molybdenum and silver deposits in Canada.

The Schaft Creek deposit is located within a contiguous group of mineral claims that cover 21,025 hectares. Copper Fox holds a 100% working interest in the Schaft Creek project, subject to 30% net proceeds interest, the "indirect interest", held by Liard Copper Mines Limited ("Liard"), a private company 78% owned by Teck Resources Limited ("Teck"), and a 3.5% net profits interest held by Royal Gold, Inc. Copper Fox will earn Teck's indirect interest by completing a positive "bankable" feasibility study as defined in the 2002 option agreement with Teck.

Teck may elect at any time to exercise one of its "earn-back" options, however completion of a bankable feasibility study will trigger for Teck a 120 day period to elect to either: i) exercise one of its earn-back options; ii) retain 1% net smelter return royalty; or iii) receive shares of Copper Fox to a value of $1,000,000.

If Teck exercises its earn-back option, then Teck can elect to acquire either 20%, 40% or 75% of Copper Fox's interest in the Schaft Creek project by solely funding subsequent expenditures equal to either 100%, 300% or 400% of Copper Fox's prior expenditures. As at July 31, 2010 the Company has spent $50.1 million in qualified expenditures under this option agreement with Teck.

If Teck elects to earn back a 75% working interest Teck would also be responsible for arranging Copper Fox's share of project financing to be repaid from Copper Fox's share of future metal sales, until payout is reached.

In addition, Copper Fox owns a 100% working interest in another contiguous group of mineral claims covering 3,947 hectares that is not subject to the Option Agreement.

MINERAL PROPERTIES (continued)

For the three and nine months ended July 31, 2010 the Company has capitalized $103,500 (2009 - $35,975) and $291,750 (2009 - $86,770) of management and technical services provided by its officers and directors (see note 8).

6. SHAREHOLDERS' EQUITY

(a) Authorized:

Unlimited number of common shares.
Unlimited number of first and second preferred shares, of which none have been issued.

(b) Issued and outstanding:

Common Shares	Number		Amount
Balance, October 31, 2008	112,501,585	$	35,003,704
Non Flow through shares issued	129,855,075		8,000,000
Value ascribed to warrants			(3,165,101)
Share issue costs			(298,647)
Future taxes on renounced expenditures			(2,357,308)
Balance, October 31, 2009	242,356,660	$	37,182,648
Warrants exercised	110,066,733		8,335,572
Value ascribed to warrants			2,525,981
Balance, July 31, 2010	352,423,393	$	48,044,201

(c) Share purchase warrants:

Share Purchase Warrants	Number		Amount
Balance, October 31, 2008	17,006,225		2,759,123
Issued	119,938,894		3,216,446
Expired	(17,006,225)		(2,759,123)
Balance, October 31, 2009	119,938,894	$	3,216,446
Exercised	(110,066,733)		(2,525,981)
Balance, July 31, 2010	9,872,161	$	690,465

SHAREHOLDERS' EQUITY (continued)

As at July 31, 2010 warrants to purchase common shares are outstanding as follows:

Exercise Price	Expiry Date	Fair Value	Number of Warrants	Amount
$ 0.115	21-Oct-10	$ 0.07	9,872,161	$ 690,465
			9,872,161	$ 690,465

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

	2009	2008
Dividend yield	0.00%	0.00%
Expected volatility	167 to 172%	99.17 to 99.79%
Risk-free interest rate	1.25 to 1.37%	2.63 to 2.74%
Expected life	1 year	1 year

(d) Contributed surplus:

Balance, October 31, 2008	4,920,997
Stock based compensation	622,562
Warrants expired	2,759,123
Balance, October 31, 2009	8,302,682
Stock based compensation	128,998
Balance, July 31, 2010	$ 8,431,680

(e) Stock options:

There are 10,660,000 stock options outstanding at July 31, 2010 with weighted average price of $0.3707 per share. Options expire five years from the grant date. The outstanding options expire between February 2011 and September 2014. There are 10,215,549 options vested at July 31, 2010 with weighted average price of $0.3825 per share.

SHAREHOLDERS' EQUITY (continued)

Options	Number Of Options
Balance, October 31, 2008	8,898,000
Issued	4,700,000
Expired	(2,113,000)
Balance, October 31, 2009	11,485,000
Issued	1,000,000
Expired	(1,825,000)
Balance, July 31, 2010	10,660,000

The fair value of stock options vested during the period ended July 31, 2010 were from \$0.089 to \$0.114 per option, resulting in compensation expense of \$128,998 (2009 – \$24,610). 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 during the nine month period ended July 31, 2010 have been determined using the Black-Scholes valuation model using the following assumptions:

Dividend yield	0.00%
Expected volatility	125.96%
Risk-free interest rate	2.42%
Expected life	5 years

SHAREHOLDERS' EQUITY (continued)

Outstanding options at July 31, 2010 are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
$0.51	Jul-06	Jul-11	785,000	785,000
$0.56	Sep-06	Feb-11	140,000	140,000
$0.78	Feb-07	Feb-12	775,000	775,000
$0.97	Feb-07	Feb-12	785,000	785,000
$0.78	Sep-07	Sep-12	400,000	400,000
$0.85	Nov-07	Nov-12	200,000	200,000
$0.45	Jun-08	Jun-13	1,875,000	1,875,000
$0.10	Jul-09	Jul-14	1,000,000	555,549
$0.15	Oct-09	Sep-14	3,700,000	3,700,000
$0.15	Nov-09	Sep-14	1,000,000	1,000,000
			10,660,000	10,215,549

7. PER SHARE AMOUNTS

Loss per share is computed by dividing net loss for the period by the weighted average number of shares outstanding. In computing loss per share the weighted average number of shares outstanding during the three and nine months ended July 31, 2010 were 282,663,051 (2009 – 119,597,324) and 262,504,109 (2009 – 119,597,324) common shares, respectively. 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.

8. RELATED PARTY TRANSACTIONS

During the three and nine months ended July 31, 2010 directors and officers of the Company incurred $187,500 (2009 - $141,200) and $543,750 (2009 - $477,628) for management and technical services on behalf of the Company. In addition, $47,323 (2009 – Nil) and $97,719 (2009 – Nil) of legal fees were paid during the three and nine months ended July 31, 2010 to a law firm of which one of the Company's directors is a partner. At July 31, 2010 $45,534 (2009 – $61,847) was included in accounts payable for management and technical services and $47,323 (2009 – Nil) was included in accounts payable for legal fees. These transactions were recorded at the exchange amount agreed to by the related parties.

9. ASSET RETIREMENT OBLIGATIONS

Balance, October 31, 2008	$ 316,967
Accretion of retirement obligation	28,088
Balance, October 31, 2009	$ 345,055
Accretion of retirement obligation	21,066
Balance, July 31, 2010	$ 366,121

10. COMMITMENTS

The Company has established a $75,000 university bursary, to a deserving student within the Tahltan Nation, over a 5 year period commencing in the Company's 2007 fiscal year and ending in 2011. At July 31, 2010, there is $22,500 remaining to be paid against this commitment.

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

Period	Aug 1, 2010 - Oct 31, 2010	Nov 1, 2010 - Oct 31, 2011	Nov 1, 2011 - Oct 31, 2012	Nov 1, 2012 - Jun 30, 2013
Amount	$ 33,456	$ 94,831	$ 77,588	$ 52,928