Interim Condensed Financial Statements of

COPPER FOX METALS INC.

January 31, 2012

(Unaudited)

COPPER FOX METALS INC.

Statement of Financial Position
As at January 31, 2012, October 31, 2011 and November 1, 2010
(unaudited)

	31-Jan-12	31-Oct-11	01-Nov-10
Assets			
Current assets:			
Cash and cash equivalents	$ 1,649,003	$ 1,271,025	$ 464,572
Receivables	360,950	821,891	485,256
Prepaid expenses and deposits	970,592	1,194,635	826,801
Total current assets	2,980,545	3,287,551	1,776,629
Non-current assets			
Investment	759,305	759,305	-
Mineral properties (note 5)	74,474,703	71,184,436	51,734,385
Property and equipment (note 4)	1,053,223	1,068,806	1,038,688
Total non-current assets	76,287,231	73,012,547	52,773,073
Total assets	$ 79,267,776	$ 76,300,098	$ 54,549,702
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	$ 958,809	$ 3,698,943	$ 2,613,384
Shareholder loan (note 9)	-	1,400,000	-
Total current liabilities	958,809	$ 5,098,943	$ 2,613,384
Non-current liabilities			
Asset retirement obligations (note 6)	718,625	700,544	612,272
Deferred tax liabilities	8,535,407	8,535,407	6,460,944
Total non-current liabilities	9,254,032	9,235,951	7,073,216
Shareholders' equity			
Share capital (note 7)	70,284,491	65,046,827	45,821,953
Share purchase warrants (note 7)	3,453,130	1,019,607	-
Contributed surplus (note 7)	9,884,907	9,912,109	8,423,336
Equity	(14,567,593)	(14,013,339)	(9,382,187)
Total shareholders' equity	69,054,935	61,965,204	44,863,102
Total liabilities and shareholders' equity	$ 79,267,776	$ 76,300,098	$ 54,549,702
Subsequent event (note 10)			
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.

Statements of Comprehensive Loss
Three months ended January 31, 2012 and January 31, 2011
(unaudited)

	Three Months Ended	
	January 31, 2012	January 31, 2011
Expenses:		
Administration	$ 554,254	$ 367,495
Loss before income tax	554,254	367,495
Deferred income tax (liability)/recovery	-	359,338
Net loss and comprehensive loss	$ 554,254	$ 726,833
Earnings/(loss) per share	$ 0.00	$ 0.00
Weighted average number of shares (note 8)	381,057,518	363,059,457

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of Changes in Equity
Three months ended January 31, 2012 and January 31, 2011
(unaudited)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance as at October 31, 2011	$ 65,046,827	$ 1,019,607	$ 9,912,109	$ (14,013,339)	$ 61,965,204
Issued for cash:					
Non flow through private placement (Note 7)	7,600,000				7,600,000
Common shares issued in connection with options exercised	71,187		(32,185)		39,002
Warrants issued	(2,433,523)	2,433,523			-
Options issued and/or vested			4,983		4,983
Net loss for the period				(554,254)	(554,254)
Balance as at January 31, 2012	$ 70,284,491	$ 3,453,130	$ 9,884,907	$ (14,567,593)	$ 69,054,935

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance as at November 1, 2010	$ 45,821,953	$ -	$ 8,423,336	$ (9,382,187)	$ 44,863,102
Issued for cash:					
Flow through private placement	3,293,000				3,293,000
Share issue costs	(234,300)				(234,300)
Common shares issued in connection with options exercised	291,052		(146,153)		144,899
Warrants issued	(124,402)	124,402			-
Options issued and/or vested			4,983		4,983
Net loss for period				(726,833)	(726,833)
Balance as at January 31, 2011	$ 49,047,303	$ 124,402	$ 8,282,166	$ (10,109,020)	$ 47,344,851

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of Cash Flow
Three months ending January 31, 2012 and January 31, 2011
(unaudited)

	Three Months Ended	
	January 31, 2012	January 31, 2011
Cash provided by (used in):		
Operations:		
Net income/(loss) for the period	$ (554,254)	$ (726,833)
Depreciation, amortization and accretion	42,887	38,239
Deferred income tax	-	359,338
Share based payment transactions	4,983	4,983
Change in non-cash working capital	(2,055,149)	(1,885,129)
	(2,561,533)	(2,209,402)
Net cash used in operating activities		
Financing:		
Shareholder loan	-	1,500,000
Proceeds from issue of shares and warrants	6,239,000	3,915,600
Net cash from financing activities	6,239,000	5,415,600
Investing:		
Mineral property expenditures	(3,290,267)	(3,055,491)
Acquisition of property and equipment	(9,222)	(4,985)
Net cash used in investing activities	(3,299,489)	(3,060,476)
Increase in cash during period	377,978	145,722
Cash and cash equivalents, beginning of period	1,271,025	464,572
Cash and cash equivalents, end of period	$ 1,649,003	$ 610,294

See accompanying notes to financial statements.

1. 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 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.

Future operations
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 January 31, 2012, the Company had a working capital of $2,021,736 and a deficit of $14,567,593 and had incurred a net loss of $554,254 for the three months ended January 31, 2012. During the quarter ended January 31, 2012 the Company received $6,239,000 in proceeds on private placements and the exercise of options. While these funds may be sufficient to complete the current planned activities, the Company may need additional equity in order to develop the property (see note 5).

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.

2. Basis of preparation

(a) Statement of compliance
These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC"). The preparation of these interim financial statements is based on accounting policies and practices in accordance with IFRS. This is the Company's first IFRS interim financial statements for part of the period covered by the Company's first IFRS annual financial statements and the first time adoption of IFRS has been applied (Note 10). The condensed interim financial

statements do not contain all information and disclosures required by IFRS for full annual financial statements.

The preparation of these condensed interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements. They also have been applied in preparing an opening IFRS statement of financial position at November 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, *First Time Adoptions of International Financial Reporting Standards*. The impact of the transition from Canadian GAAP to IFRS is explained in Note 10. The condensed interim financial statements were approved and authorized for issue by the Board of Directors on April 19, 2012.

(b) Basis of measurement

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

(c) Use of estimates and judgements

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year.

(d) Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements; estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. 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, anticipated costs of asset retirement obligations and the valuation of deferred income tax assets, mining interests and deferred expenditures.

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.

3. **Summary of significant accounting policies**

The IASB continues to amend and add to current IFRS standards and interpretations with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's first IFRS annual financial statements will be determined as at October

31, 2012. In the event that accounting policies adopted at October 31, 2012 or expected to be adopted at October 31,2012 differ materially from the accounting policies used in the preparation of these condensed interim financial statements, these condensed interim financial statements will be restated to retrospectively account for the application of those policies adopted at October 31, 2012 or expected to be adopted at October 31, 2012 in the period accounting policies are determined or a prior period when the expectation of accounting policies to be adopted changes.

The significant accounting policies used in the preparation of these condensed interim financial statements are as follows:

(a) Functional and presentation currency

The Company's presentation currency is the Canadian dollar ("$") which is the Company's functional currency. These condensed interim financial statements have been translated to the Canadian dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. These guidelines require that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). Subsequent to the adoption of IFRS, all resulting exchange differences are recorded in the foreign currency translation reserve.

(b) Foreign currency transactions

Monetary assets and liabilities of the Company's operations denominated in a currency other than its functional currency are translated at the rate in effect at the balance sheet date, non-monetary items at historic exchange rates at each transaction date. Revenue and expense items are translated at average exchange rates of the reporting period. Gains and losses on translation are charged to the statement of income.

(c) Share-based payments

The stock option plan allows Company employees (including directors and officers) and non-employees to acquire shares of the Company. Accordingly, the fair value of the option is either charged to operations or capitalized to exploration expenditures with a corresponding increase in contributed surplus.

The Company accounts for all stock-based compensation arrangements using the fair value method, under which compensation expense is recorded based on the estimated grant date fair value of the options and expensed over the vesting period with a corresponding increase to contributed surplus.

Stock-based compensation for options granted to employees is based on the estimated fair value at the time of the grant using the Black-Scholes option-pricing model and is expensed or capitalized over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. The impact of the revisions to the original estimates, if any, is recognized in net loss or in capital such that the accumulated expense reflects the revised estimate.

Stock-based compensation for options granted to consultants is based on the estimated fair value at each balance sheet date until the related options are fully vested. Upon the exercise of the stock options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase in share capital.

(d) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recorded using the balance sheet method, where deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for financial reporting purposes and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset 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.

(e) Earnings per share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding for the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options and warrants granted.

(f) Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as deferred income tax expense. The Company's comprehensive loss is presented in the condensed interim statements of comprehensive loss and the condensed interim statements of changes in equity.

(g) Investments

Investments in companies over which the Company exercises neither control nor significant influence and are designated as available-for sale investments are recorded at fair value. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive loss, unless the unrealized loss is considered other than temporary, in which case, the loss is recorded in the statement of profit or loss.

(h) Mineral properties

The Company follows the method of accounting for its non-producing mineral property interest whereby all costs relating to the acquisition, exploration and development are deferred and capitalized by property until the property to which they directly relate is placed into production, sold, discontinued or subject to a condition of impairment. In the event a mineral property is placed into production, capitalization of costs ceases, the costs are transferred to producing mineral property and the mineral property is depleted on a unit of production basis.

The recoverability of amounts is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to finance the development of the properties, and on the future profitable production or proceeds from the disposition thereof. The Company is in the process of exploring its non-producing mineral property.

(i) Property and equipment

Property and equipment is carried at cost less accumulated amortization and impairment losses. Depreciation of property, plant and equipment begins when assets are ready for their intended use and is calculated over the estimated useful life of the assets using the declining balance method at rates ranging from 10 to 30 percent per annum.

Gains and losses on disposal of an item in property and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property and equipment and are recognized in profit or loss.

Where an item of property and equipment comprises significant components with different useful lives, the components are accounted for as separate items of property and equipment and depreciated separately.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized when they increase the future economic benefits embodied in the specific asset to which they relate and day-to-day maintenance costs are expensed as incurred. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

(j) Other assets

Corporate office equipment is depreciated using the declining balance method based on estimated useful lives, which is generally within a range of five years.

(k) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred or when a reasonable estimate of fair value can be made. The fair value of an asset retirement obligation is recorded as a liability with a corresponding increase in property and equipment. The liability increases and accretion expense is recognized each period due to the passage of time. Subsequent to initial measurement, period-to-period changes in the liability are recognized for revisions to either the timing or the amount of the original estimate of undiscounted cash flows. Actual costs incurred upon settlement are charged against the asset retirement obligation. Any difference between the actual costs and the recorded liability is recognized as a gain or loss in earnings in the period in which the settlement occurs.

(l) 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.

(m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

(n) Flow through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with income tax legislation. A deferred liability is recognized for the premium on the flow through shares and is subsequently reversed as the Company incurs qualifying expenditures. Any difference between the deferred liability set up for the premium on the flow through shares and the tax effect on the expenditures incurred is recognized in earnings.

(o) Impairment of assets

1) Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying value amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

2) Non-financial assets
The carrying amounts of the Company's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

4. Property, Plant and Equipment

	Rate	Cost	Accumulated Amortization	Net Book Value January 31, 2012	Net Book Value October 31, 2011	Net Book Value November 1, 2010
Computer equipment	30%	$ 64,657	$ 39,397	$ 25,260	$ 17,739	$ 14,819
Furniture & equipment	20%	45,637	27,777	17,860	18,800	20,242
Leasehold improvements	20%	1,197	1,197	-	-	293
Buildings	10%	549,000	216,246	332,754	342,261	380,290
Heavy equipment	30%	661,231	496,661	164,570	177,914	133,840
Asset retirement obligation		643,292	130,513	512,779	512,092	489,204
		$ 1,965,014	$ 911,791	$ 1,053,223	$ 1,068,806	$ 1,038,688

5. **Mineral Properties**

	Balance October 31, 2011	Additions	Balance January 31, 2012
ES, GS and South Zone			
Acquisition of property rights	$ 2,943,788	$ -	$ 2,943,788
Technical analysis	116,133	3,062	119,195
	3,059,921	3,062	3,062,983
SC Zone			
Acquisition of property rights	100	-	100
Technical analysis	68,017,792	3,287,205	71,304,997
Licenses and permits	106,623	-	106,623
	68,124,515	3,287,205	71,411,720
Total mineral properties	$ 71,184,436	$ 3,290,267	$ 74,474,703

	Balance November 1, 2010	Additions	Balance October 31, 2011
ES, GS and South Zone			
Acquisition of property rights	$ -	$ 2,943,788	$ 2,943,788
Technical analysis	-	116,133	116,133
	-	3,059,921	3,059,921
SC Zone			
Acquisition of property rights	100	-	100
Technical analysis	51,627,662	16,390,130	68,017,792
Licenses and permits	106,623	-	106,623
	51,734,385	16,390,130	68,124,515
Total mineral properties	$ 51,734,385	$ 19,450,051	$ 71,184,436

Copper Fox holds title and a 100% working interest in the Schaft Creek project consisting of 39,507.67 hectares (97,626 acres). Included in this total are the “Schedule A” mineral tenures (8,334.34 hectares (20,594 acres) originally conveyed to Copper Fox pursuant to the 2002 Option Agreement. The “Schedule A” mineral tenures are subject to a 3.5% Net Profits Interest held by Royal Gold, Inc., a 30% carried Net Proceeds Interest held by Liard Copper Mines Limited (“Liard”) and an earn back option held by Teck Resources Limited (“Teck”). On completion of the feasibility study, Copper Fox will earn Teck’s 78% interest in Liard. Teck’s earn back option to acquire either, 20%, 40% or 75%, of Copper Fox’s interest in the Schaft Creek property is triggered upon delivery of a positive feasibility study to Teck. Should Teck elect to exercise its option for 75%, they are required to fund subsequent property expenditures up to a total of 400% of those incurred by Copper Fox ($74.8 million to January 31, 2012) and arrange for project financing, including the Copper Fox portion. For full details of the Teck earn back option please refer to the Company’s website www.copperfoxmetals.com.

The remainder of the mineral tenures totaling 31,173.32 hectares (77,031 acres) have been obtained by Copper Fox through mineral tenure acquisitions and mineral tenure purchase agreements. Some of these mineral tenures are subject to inclusion within the Schaft Creek project under the terms of the Area of Interest provisions of the Option Agreement.

For the three months ended January 31, 2012 the Company has capitalized $147,183 (2010 - $106,500) of management and technical services provided by its officers and directors (see note 9).

6. Asset retirement obligation

The Company's asset retirement obligations relate to reclamation and closures costs of the Schaft Creek Property. The total asset retirement obligation 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 the net present value of the asset retirement obligations to be $718,625 at January 31, 2012 (October 31, 2011 - $700,544) based on an undiscounted and inflated future liability of $875,849 (October 31, 2011 - $883,718). These payments are expected to be made in the next 10 years.

The Company's estimated risk free rate of 2.05% (October 31, 2011 – 2.35%) and an inflation rate of 2.03% (October 31, 2011 – 2.07%) were used to calculate the present value of the asset retirement obligations.

Balance, November 1, 2010	$	612,272
Revisions		71,809
Accretion		16,463
Balance, October 31, 2011	$	700,544
Revisions		14,398
Accretion		3,683
Balance, January 31, 2012	$	718,625

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, November 1, 2010	362,337,553	$ 45,821,953
Flow through shares issued	7,450,000	6,413,000
Non Flow through shares issued (note 5)	6,719,777	9,783,046
Value ascribed to warrants issued		(1,714,102)
Options exercised	2,235,000	1,053,750
Transfer from contributed surplus on option exercise		878,860
Warrants exercised	1,828,500	2,593,875
Transfer from contributed surplus on warrant exercise		944,668
Share issue costs		(728,223)
Balance, October 31, 2011	380,570,830	65,046,827
Non Flow through shares issued (note 5)	6,551,416	7,600,000
Value ascribed to warrants issued		(2,433,523)
Options exercised	50,000	39,002
Transfer from contributed surplus on option exercise		32,185
Balance, January 31, 2012	387,172,246	$ 70,284,491

During the quarter, the Company issued 3,278,689 units at a purchase price of $1.22 per unit, for aggregate net proceeds of $4,000,000. 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 $1.35 prior to December 13, 2012. This transaction was completed with an insider of the Company and no finder’s fees or commissions were paid.

Also during the quarter, the Company issued 2,000,000 units at a purchase price of $1.10 per unit, for aggregate net proceeds of $2,200,000. Each unit consisted 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 $1.25 prior to January 30, 2013. This transaction was completed with an insider of the Company and no finder’s fees or commissions were paid.

The Company also issued 1,272,727 common shares at an issue price of $1.10 to settle the debt in the amount of $1,400,000 previously advanced to the Company by Mr. Echavarria. Mr. Echavarria is a Director, an insider, and a control person of Copper Fox, as defined by the regulations of the TSX-Venture Exchange, and has from time to time made advances to the Company, as required, interest free and with no set terms of repayment.

(b) Warrants

Share Purchase Warrants	Number	Amount
Balance, October 31, 2010	-	$ -
Issued	5,288,667	1,964,275
Exercised	(1,828,500)	(944,668)
Balance, October 31, 2011	3,460,167	1,019,607
Issued	5,278,689	2,433,523
Exercised	-	-
Balance, January 31, 2012	8,738,856	$ 3,453,130

As of January 31, 2012, 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
$ 0.75	26-Nov-12	$ 0.47	126,833	$ 60,013	$ 95,125
1.50	30-Sep-12	0.19	1,851,852	344,335	2,777,778
1.50	31-Oct-12	0.42	1,481,482	615,259	2,222,223
1.35	13-Dec-12	0.48	3,278,689	1,587,604	4,426,230
1.25	30-Jan-13	0.42	2,000,000	845,919	2,500,000
			8,738,856	$ 3,453,130	$ 12,021,356

The fair value of the warrants issued during the periods ending January 31, 2012 and 2011 were determined using the Black-Scholes valuation model using the following assumptions:

	31-Jan-12	31-Jan-11
Dividend yield	0.00%	0.00%
Expected volatility	91% to 98%	126% to 128%
Risk-free interest rate	0.95% to 1.01%	1.43% to 1.70%
Expected life	1 year	2 years

(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, November 1, 2010	11,095,000
Issued	1,700,000
Exercised	(2,235,000)
Balance, October 31, 2011	10,560,000
Exercised	(50,000)
Balance, January 31, 2012	10,510,000

Options outstanding are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
$0.78	Feb-07	Feb-12	825,000	825,000
$0.97	Feb-07	Feb-12	635,000	635,000
$0.78	Sep-07	Sep-12	350,000	400,000
$0.85	Nov-07	Nov-12	200,000	200,000
$0.45	Jun-08	Jun-13	1,675,000	1,675,000
$0.10	Jul-09	Jul-14	1,000,000	888,873
$0.15	Oct-09	Sep-14	3,150,000	3,150,000
$0.15	Nov-09	Sep-14	1,000,000	1,000,000
$1.69	Mar-11	Mar-16	1,675,000	1,675,000
			10,510,000	10,448,873

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

	2011	2010
Dividend yield	0.00%	0.00%
Expected volatility	116%	126%
Risk-free interest rate	0.23%	2.42%
Expected life	5 years	5 years
Fair value	$ 1.38	$0.089 to $0.114

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 quarter ended January 31, 2012 was 381,057,518 (2011 – 363,059,457) 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 quarter ended January 31, 2012 directors and officers of the Company incurred $177,183 (2011 - $162,500) for management and technical services on behalf of the Company. At January 31, 2012 $28,540 (2011 – $25,813) is included in accounts payable.

In addition, $108,613 of legal fees were paid during the quarter ended January 31, 2012 (2011 – $71,559) to a law firm of which one of the Company's Directors is a partner. At January 31, 2012 $54,051 (2011 – $24,034) is included in accounts payable.

The Company subleases part of its Calgary office to a Corporation with a common Director. Additionally, the Company sub leases part of its Vancouver office to a Corporation with a common Officer.

In addition, during the year ended October 31, 2011, a Director loaned the Company $1,400,000. The loan bears no interest and has no fixed terms of repayment. These transactions were recorded at the exchange amount agreed to by the related parties. In the quarter ended January 31, 2012, this loan was settled by the issuance of common shares (see note 7).

10. **Subsequent event**

Subsequent to the quarter ended January 31, 2012, the Company acquired two groups of mineral tenures.

The first group of approximately 4,741 hectares (24 mineral tenures) is contiguous to the north and south of the Schaft Creek project. Consideration paid by Copper Fox was $25,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to purchase half of the NSR for a cash payment of $1.0 million such that the NSR is reduced from 2% to 1%.

The second group of approximately 700 hectares (2 mineral tenures) is located in the Mess Creek area. Consideration paid by Copper Fox was $7,000 cash and a 1% net smelter return (NSR) royalty on the mineral tenures. The NSR Buyout Option allows Copper Fox at any time to purchase the NSR for a cash payment of $0.25 million.

11. **Commitment**

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

Period	Feb 1, 2012 - Oct 31, 2012	Nov 1, 2012 - Oct 31, 2013	Nov 1, 2013 - Jun 30, 2014
Amount	$ 140,078	$ 113,818	$ 18,406

12. **IFRS**

IFRS 1

First-time Adoption of International Financial Reporting Standards sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to deficit unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated November 1, 2010.

Stock based compensation
The Company elected an exemption that allowed it to apply IFRS share based payments to any unvested options outstanding as at November 1, 2010. Differences to Canadian GAAP include the fact that each award is treated as a separate award under IFRS and IFRS used a graded vesting method in the calculation instead of each award treated as a single award and calculated using a straight line method as under Canadian GAAP. No difference was identified as a result of applying IFRS 2 to the unvested options as at November 1, 2010.

Mineral properties
During the first quarter of October 31, 2009, the Company wrote down the carrying value of its mineral property by $31 million based on the implied fair value of a proposed board approved transaction which was subsequently terminated. As at November 1, 2010, there were significant increases in the market value of the Company and the implied property value when compared to the first quarter of October 31, 2009. The Company considered this to be an indicator of impairment reversal for its mineral properties. Based on the assessment, the Company determined that $31 million of previous impairment should be reversed.

Asset retirement obligation
The asset retirement obligation has been re-measured as per the requirements of IFRIC 1 as at November 1, 2010. The measurement difference between Canadian GAAP and IFRS is primarily related to the use of liability specific discount rate under IFRS which are to be updated each reporting period.

Using a risk free discount rate and an inflation rate, the asset retirement obligation was re-measured at $612,272. The difference compared to Canadian GAAP disclosed amount as at October 31, 2011 has been adjusted to deficit as at November 1, 2010.

Flow through shares
Flow through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP, however, there is no equivalent IFRS guidance. Therefore, the Company intends to adopt a policy whereby the premium paid for flow through shares in excess of the market value of the shares without the flow through features at the time of issue is credited to other liabilities and included in expenses at the time the qualifying expenditures are made.

Income tax
Due to the adjustment to mineral properties discussed above and the flow through share premium also discussed above, their carrying value in accordance with IFRS are different than under with Canadian GAAP and the resulting deferred income taxes balances reflect this difference.

IFRS employs a conceptual framework that is similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and financial performance. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statement of comprehensive loss, statement of financial position and statement of cash flows for the three months ended January 31, 2011 and the year ended October 31, 2011 and the statement of financial position for the transition date of

November 1, 2010 have been reconciled to IFRS, with the resulting differences explained.

The November 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

As at November 1, 2010	GAAP as previously recorded	Effect of transition to IFRS	IFRS
Assets			
Current assets:			
Cash and cash equivalents	$ 464,572	$ -	$ 464,572
Accounts receivable	485,256	-	$ 485,256
Prepaid expenses and deposits	826,801	-	$ 826,801
	1,776,629	-	1,776,629
Mineral properties	21,423,389	30,310,996	$ 51,734,385
Property and equipment	549,485	489,203	$ 1,038,688
	$ 23,749,503	$ 30,800,199	$ 54,549,702
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	$ 2,613,384	$ -	$ 2,613,384
Asset retirement obligations	423,479	188,793	$ 612,272
Deferred taxes		6,460,944	$ 6,460,944
Shareholders' equity:			
Share capital	49,901,521	(4,079,568)	$ 45,821,953
Contributed surplus	8,423,336	-	$ 8,423,336
Deficit	(37,612,217)	28,230,030	$ (9,382,187)
	20,712,640	24,150,462	44,863,102
	$ 23,749,503	$ 30,800,199	$ 54,549,702

The January 31, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

As at January 31, 2011	GAAP as previously recorded	Effect of transition to IFRS	IFRS
Assets			
Current assets:			
Cash and cash equivalents	$ 610,294	$ -	$ 610,294
Accounts receivable	351,758	-	351,758
Prepaid expenses and deposits	863,360	-	863,360
	1,825,412	-	1,825,412
Mineral properties	24,478,880	30,310,996	54,789,876
Property and equipment	532,537	472,949	1,005,486
	$ 26,836,829	$ 30,783,945	$ 57,620,774
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	$ 631,316	$ -	$ 631,316
Shareholder loan	1,500,000	-	1,500,000
	2,131,316	$ -	$ 2,131,316
Asset retirement obligations	430,501	181,823	612,324
Deferred taxes	-	7,532,282	7,532,282
Shareholders' equity:			
Share capital	53,838,872	(4,791,568)	49,047,304
Share purchase warrants	124,402	-	124,402
Contributed surplus	8,282,166	-	8,282,166
Deficit	(37,970,428)	27,861,408	(10,109,020)
	24,275,012	23,069,840	47,344,852
	$ 26,836,829	$ 30,783,945	$ 57,620,774

The Canadian GAAP statement of comprehensive loss for the three month period ended January 31, 2011 has been reconciled to IFRS as follows:

For the three months ended January 31, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Expenses:			
Administration	192,953	$ -	$ 192,953
Amortization and accretion	28,955	9,284	38,239
Professional fees	73,560		73,560
Processing fees	28,430		28,430
Rent	8,188		8,188
Stock based compensation	4,983		4,983
Travel	21,142		21,142
Net loss before income tax	$ 358,211	$ 9,284	$ 367,495
Deferred income tax	-	359,338	359,338
Net loss and comprehensive loss	$ 358,211	$ 368,672	$ 726,833

The Canadian GAAP statement of cash flows for the three month period ended January 31, 2011 has been reconciled to IFRS as follows:

For the three months ended January 31, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Cash provided by (used in):			
Operations:			
Net loss for the period	$ (358,211)	$ (368,672)	$ (726,833)
Items not involving cash:			
Amortization and accretion	28,955	9,284	38,239
Deferred income tax	-	359,338	359,338
Stock-based compensation	4,983		4,983
Change in non-cash working capital	(50,343)		(50,343)
	(374,616)	-	(374,616)
Financing:			
Shareholder loan	1,500,000		1,500,000
Issue of shares and warrants, net of issue costs	3,915,600		3,915,600
	5,415,600	-	5,415,600
Investing:			
Mineral property expenditures	(3,055,491)		(3,055,491)
Mineral property acquisitions	-		-
Investment	-		-
Additions to property and equipment	(4,985)		(4,985)
Net change in non-cash working capital	(1,834,786)		(1,834,786)
	(4,895,262)	-	(4,895,262)
Increase in cash and cash equivalents during period	145,722	-	145,722
Cash and cash equivalents, beginning of period	464,572		464,572
Cash and cash equivalents, end of period	$ 610,294	$ -	$ 610,294

The Canadian GAAP statement of financial position as at October 31, 2011 has been reconciled to IFRS as follows:

As at October 31, 2011	GAAP as previously recorded	Effect of transition to IFRS	IFRS
Assets			
Current assets:			
Cash and cash equivalents	$ 1,271,025		$ 1,271,025
Accounts receivable	821,891		821,891
Prepaid expenses and deposits	1,194,635		1,194,635
	3,287,551	-	3,287,551
Investment	759,305		759,305
Mineral properties	40,873,441	30,310,995	71,184,436
Property and equipment	556,714	512,092	1,068,806
	$ 45,477,011	$ 30,823,087	$ 76,300,098
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	$ 3,698,943	$ -	$ 3,698,943
Shareholder loan	1,400,000	-	1,400,000
	5,098,943	-	5,098,943
Asset retirement obligations	472,555	227,989	700,544
Flow through share premium			
Deferred taxes	-	8,535,407	8,535,407
Shareholders' equity:			
Share capital	70,468,395	(5,421,568)	65,046,827
Share purchase warrants	1,019,607	-	1,019,607
Contributed surplus	9,912,109	-	9,912,109
Deficit	(41,494,598)	27,481,259	(14,013,339)
	39,905,513	22,059,691	61,965,204
	$ 45,477,011	$ 30,823,087	$ 76,300,098

The Canadian GAAP statement of comprehensive loss for the year ended October 31, 2011 has been reconciled to IFRS as follows:

For the year ended October 31, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Expenses:			
Administration	$ 969,666	$	$ 969,666
Amortization and accretion	148,143	16,308	164,451
Insurance	67,924		67,924
Professional fees	568,494		568,494
Processing fees	168,522		168,522
Rent	27,619		27,619
Stock based compensation	1,780,708		1,780,708
Travel	151,530		151,530
Interest income	(225)		(225)
Net loss before income tax	$ 3,882,381	$ 16,308	3,898,689
Deferred income tax	-	732,463	732,463
Net loss and comprehensive loss	$ 3,882,381	$ 748,771	$ 4,631,152

The Canadian GAAP statement of cash flows for the year ended October 31, 2011 has been reconciled to IFRS as follows:

For the year ended October 31, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Cash provided by (used in):			
Operations:			
Net loss for the year	$ (3,882,381)	$ (748,771)	$ (4,631,152)
Items not involving cash:			
Amortization and accretion	148,143	16,308	164,451
Stock-based compensation	1,780,708		1,780,708
Deferred income tax	-	732,463	732,463
Change in non-cash working capital	114,656		114,656
	(1,838,874)	-	(1,838,874)
Financing:			
Shareholder loan	1,400,000		1,400,000
Issue of shares and warrants, net of issue costs	17,924,575		17,924,575
	19,324,575	-	19,324,575
Investing:			
Mineral property expenditures	(15,919,339)		(15,919,339)
Mineral property acquisitions	(620,000)		(620,000)
Investment	(300,047)		(300,047)
Additions to property and equipment	(106,295)		(106,295)
Net change in non-cash working capital	266,433		266,433
	(16,679,248)	-	(16,679,248)
Increase in cash and cash equivalents during the year	806,453	-	806,453
Cash and cash equivalents, beginning of year	464,572		464,572
Cash and cash equivalents, end of year	$ 1,271,025	$ -	$ 1,271,025