Condensed Interim Financial Statements of

COPPER FOX METALS INC.

July 31, 2012

(Unaudited)

COPPER FOX METALS INC.

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

	31-Jul-12	31-Oct-11	01-Nov-10
Assets			
Current assets:			
Cash and cash equivalents	$ 657,363	$ 1,271,025	$ 464,572
Trade and other receivables	567,742	821,891	485,256
Prepaid expenses and deposits	2,006,992	1,194,635	826,801
Total current assets	3,232,097	3,287,551	1,776,629
Non-current assets			
Investment	759,305	759,305	-
Mineral properties (note 5)	81,791,332	71,184,436	51,734,385
Property and equipment (note 4)	986,152	1,068,806	1,038,688
Total non-current assets	83,536,789	73,012,547	52,773,073
Total assets	$ 86,768,886	$ 76,300,098	$ 54,549,702
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	$ 2,848,624	$ 3,698,943	$ 2,613,384
Shareholder loan (note 9)	2,000,000	1,400,000	-
Total current liabilities	4,848,624	5,098,943	2,613,384
Non-current liabilities			
Asset retirement obligations (note 6)	727,896	700,544	612,272
Deferred tax liabilities	8,535,407	8,535,407	6,460,944
Total non-current liabilities	9,263,303	9,235,951	7,073,216
Shareholders' equity			
Share capital (note 7)	73,934,102	65,046,827	45,821,953
Share purchase warrants (note 7)	4,757,315	1,019,607	-
Contributed surplus (note 7)	10,375,754	9,912,109	8,423,336
Deficit	(16,410,212)	(14,013,339)	(9,382,187)
Total shareholders' equity	72,656,959	61,965,204	44,863,102
Total liabilities and shareholders' equity	$ 86,768,886	$ 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 and nine months ended July 31, 2012 and July 31, 2011
(unaudited)

	Three Months Ended		Nine Months Ended	
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011
Expenses:				
Administration	$ 523,525	$ 407,169	$ 1,357,301	$ 1,367,243
Professional fees	$ 320,465	$ 100,230	$ 545,268	$ 125,429
Share based compensation	$ 484,338	$ 4,983	$ 494,304	$ 1,775,725
Net loss before income tax	1,328,328	512,382	2,396,873	3,268,397
Deferred income tax expense	-	-	-	732,463
Net loss and comprehensive loss	$ 1,328,328	$ 512,382	$ 2,396,873	$ 4,000,860
Loss per share - basic and diluted	$ 0.00	$ 0.00	$ 0.01	$ 0.01
Weighted average number of shares (note 8)	388,094,627	374,335,066	384,743,069	368,056,977

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of Changes in Equity
Nine months ended July 31, 2012 and July 31, 2011
(unaudited)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholder Equity
Balance as at October 31, 2011	$ 65,046,827	$ 1,019,607	$ 9,912,109	$ (14,013,339)	$ 61,965,204
Flow through private placement					-
Non flow through private placement (Note 7)	12,080,000				12,080,000
Common shares issued in connection with warrants exercised	155,137	(60,013)			95,124
Common shares issued in connection with options exercised	449,859		(201,857)		248,002
Warrants issued	(3,797,721)	3,797,721			-
Share based compensation			665,502		665,502
Net loss for the period				(2,396,873)	(2,396,873)
Balance as at July 31, 2012	$ 73,934,102	$ 4,757,315	$ 10,375,754	$ (16,410,212)	$ 72,656,959

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholder Equity
Balance as at November 1, 2010	$ 45,821,953	$ -	$ 8,423,336	$ (9,382,187)	$ 44,863,102
Flow through private placement	6,413,000				6,413,000
Non flow through private placement	2,746,758				2,746,758
Share issue costs	(478,050)				(478,050)
Common shares issued in connection with warrants exercised	3,538,543	(944,668)			2,593,875
Common shares issued in connection with options exercised	1,950,930		(897,180)		1,053,750
Warrants issued	(1,004,681)	1,004,681			-
Share based compensation			2,362,650		2,362,650
Net loss for the period				(4,000,860)	(4,000,860)
Balance as at July 31, 2011	$ 58,988,453	$ 60,013	$ 9,888,806	$ (13,383,047)	$ 55,554,225

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of Cash Flow
Nine months ended July 31, 2012 and July 31, 2011
(unaudited)

	Nine Months Ended	
	July 31, 2012	July 31, 2011
Cash provided by (used in):		
Operations:		
Net loss for the period	$ (2,396,873)	$ (4,000,860)
Depreciation, amortization and accretion	123,487	115,285
Deferred income tax	-	732,463
Share based compensation	494,304	1,775,725
Change in non-cash working capital	(604,271)	(216,661)
Net cash used in operating activities	(2,383,353)	(1,594,048)
Financing:		
Shareholder loan	2,000,000	1,500,000
Proceeds from issue of shares and warrants	11,023,126	10,924,575
Net cash from financing activities	13,023,126	12,424,575
Investing:		
Mineral property expenditures	(10,335,808)	(8,682,794)
Mineral property acquisitions	(99,890)	(600,000)
Investment	-	(300,047)
Acquisition of property and equipment	(13,481)	(6,281)
Change in non-cash working capital	(804,256)	(750,457)
Net cash used in investing activities	(11,253,435)	(10,339,579)
Increase in cash and cash equivalents during period	(613,662)	490,948
Cash and cash equivalents, beginning of period	1,271,025	464,572
Cash and cash equivalents, end of period	$ 657,363	$ 955,520

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 July 31, 2012, the Company had a working capital deficit of $1,616,527 and a deficit of $16,410,212 and had incurred a net loss of $1,328,328 and $2,396,873 for the three months and nine months ended July 31, 2012. Although during the nine months ended July 31, 2012 the Company received $11,023,127 in proceeds on private placements and the exercise of warrants and options additional funds will be required to complete the current planned activities. Subsequent to the quarter ended July 31, 2012, a Director closed a private placement for total funds of $4,025,000.

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

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on September 25, 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**

Significant accounting policies are presented in note 3 of the Company's condensed interim financial statements for the three months ended January 31, 2012 and the impact of the new standards, including reconciliations presenting the change from previous Canadian generally accepted accounting principles ("GAAP") to IFRS as at and for the three and nine months ended July 31, 2011 are presented in note 12 herein.

4. Property and Equipment

	Rate	Cost	Accumulated Amortization	Net Book Value July 31, 2012	Net Book Value October 31, 2011	Net Book Value November 1, 2010
Computer equipment	30%	$ 67,666	$ 43,918	$ 23,748	$ 17,739	$ 14,819
Furniture & equipment	20%	46,887	29,657	17,230	18,800	20,242
Leasehold improvements	20%	1,197	1,197	-	-	293
Buildings	10%	549,000	235,261	313,739	342,261	380,290
Heavy equipment	30%	661,231	523,348	137,883	177,914	133,840
Asset retirement obligation		643,680	150,128	493,552	512,092	489,204
		$ 1,969,661	$ 983,509	$ 986,152	$ 1,068,806	$ 1,038,688

5. Mineral Properties

	Balance October 31, 2011	Additions	Balance July 31, 2012
ES, GS and South Zone			
Acquisition of property rights	$ 2,943,788	$ 99,890	$ 3,043,678
Technical analysis	116,133	34,812	150,945
	3,059,921	134,702	3,194,623
SC Zone			
Acquisition of property rights	100	-	100
Technical analysis	68,017,792	10,472,194	78,489,986
Licenses and permits	106,623	-	106,623
	68,124,515	10,472,194	78,596,709
Total mineral properties	$ 71,184,436	$ 10,606,896	$ 81,791,332

	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

During the nine months ended July 31, 2012 the Company acquired several groups of mineral tenures as follows:

(a) 4,741.55 hectares (24 mineral tenures) are 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%.

(b) 700.68 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.

(c) 4,514.78 hectares (16 mineral tenures) are contiguous to the Company's 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 repurchase half of the NSR for a cash payment of $1.0 million such that the NSR is reduced from 2% to 1%.

(d) 243.06 hectares (7 mineral tenures) are either within or contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was $5,000 cash.

(e) 8,577.82 hectares (29 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was $20,000 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 repurchase half of the NSR for a cash payment of $1.0 million such that the NSR is reduced from 2% to 1%.

(f) 2,936.18 hectares (9 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was $10,000 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 repurchase half of the NSR for a cash payment of $1.0 million such that the NSR is reduced from 2% to 1%.

Copper Fox holds title and a 100% working interest in the Schaft Creek project consisting of 55,779.55 hectares (137,834 acres). Included in this total are the "Schedule A" mineral tenures originally conveyed to Copper Fox pursuant to the option agreement dated January 1, 2002 between Teck Resources Limited ("Teck") and Copper Fox (the "Teck Option Agreement"), which consist of 8,334.34 hectares (20,594 acres). 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, together with the additional mineral tenures obtained by Copper Fox within the "Area of Interest" provided for in the Teck Option Agreement, an earn back option held by 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%, Teck is required to fund subsequent property expenditures up to a total of 400% of those incurred by Copper Fox (approximately $84.9 million to July 31, 2012) and arrange for project financing, including the Copper Fox portion

The remainder of Copper Fox's registered interests in mineral tenures in British Columbia total 47,445.20 hectares (117,240 acres). These interests have been acquired by Copper Fox through mineral tenure acquisitions and mineral tenure purchase agreements subsequent to Copper Fox entering into the Teck Option Agreement. Certain portions of these registered mineral tenures are subject to inclusion within the Schaft Creek project pursuant to the terms of the "Area of Interest" provisions of the Teck Option Agreement.

For the three and nine months ended July 31, 2012 the Company has capitalized $190,858 (2011 - $141,447) and $452,279 (2011 - $431,772) of management and technical services provided by its officers and directors (see note 9).

6. Asset retirement obligations

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 $727,896 at July 31, 2012 (October 31, 2011 - $700,544) based on an undiscounted and inflated future liability of $851,497 (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 1.71% (October 31, 2011 – 2.35%) and an inflation rate of 1.83% (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	16,820
Accretion	10,532
Balance, July 31, 2012	$ 727,896

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	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	10,551,416	12,080,000
Value ascribed to warrants issued		(3,797,721)
Options exercised	725,000	248,002
Transfer from contributed surplus on option exercise		201,857
Warrants exercised	126,833	95,124
Transfer from contributed surplus on warrant exercise		60,013
Balance, July 31, 2012	391,974,079	$ 73,934,102

During the nine months ended July 31, 2012, the Company issued the following:

(a) 4,000,000 units at a purchase price of $1.12 per unit, for aggregate net proceeds of $4,480,000. 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 $1.25 prior to July 20, 2013. This transaction was completed with an insider of the Company and no finder's fees or commissions were paid.

(b) 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.

(c) 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 a Director of the Company 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	9,278,689	3,797,721
Exercised	(126,833)	(60,013)
Balance, July 31, 2012	12,612,023	$ 4,757,315

As of July 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
$ 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
1.25	20-Jul-13	0.34	4,000,000	1,364,198	5,000,000
			12,612,023	$ 4,757,315	$ 16,926,231

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

	31-Jul-12	31-Jul-11
Dividend yield	0.00%	0.00%
Expected volatility	77% to 98%	100% to 128%
Risk-free interest rate	0.95% to 1.01%	1.43% to 1.70%
Expected life	1 year	.75 to 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
Issued	950,000
Exercised	(725,000)
Balance, July 31, 2012	10,785,000

Options outstanding are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
$0.78	Feb-07	Feb-12 (1)	650,000	650,000
$0.97	Feb-07	Feb-12 (1)	635,000	635,000
$0.78	Sep-07	Sep-12	350,000	350,000
$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	1,000,000
$0.15	Oct-09	Sep-14	3,150,000	3,150,000
$0.15	Nov-09	Sep-14	500,000	500,000
$1.69	Mar-11	Mar-16	1,675,000	1,675,000
$1.04	May-12	Apr-17	950,000	633,324
			10,785,000	10,468,324

(1) The term of these options have been extended to 10 days after a blackout period which is defined as the interval of time during which the Company has determined one or more participants may not trade any securities of the Company. The Company was in the Blackout period at July 31, 2012.

During the quarter ended April 30, 2012 the Company approved an incentive stock option grant to officers and directors of the Company for the purchase of a total of 950,000 shares of Copper Fox at an exercise price of $1.04 per share, vesting equally over a period of 6 months and expiring on April 24, 2017. These options were issued in the quarter ended July 31, 2012.

During the nine months ended July 31, 2012 share based compensation expense of $665,502 (2011 – $2,362,650), including $171,198 (2011 – $586,925) being capitalized to the mineral properties, was recorded. This amount is recorded to contributed surplus and upon exercise will be recorded as an increase to share capital.

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

	31-Jul-12	31-Jul-11
Dividend yield	0.00%	0.00%
Expected volatility	111%	116%
Risk-free interest rate	1.47%	2.31%
Expected life	5 Years	5 Years
Fair value	$0.83	$1.38

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 three and nine months ended July 31, 2012 were 388,094,627 (2011 – 374,335,066) and 384,743,069 (2011 – 368,056,977) 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 three and nine months ended July 31, 2012 directors and officers of the Company incurred $293,858 (2011 - $195,447) and $663,279 (2011 - $636,172) for management and technical services on behalf of the Company. At July 31, 2012 $21,784 (2011 – $13,105) is included in accounts payable.

Also, during the quarter ended July 31, 2012 a Company controlled by a Director's family member loaned the Company $2,000,000. 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.

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.

10. Subsequent event

Subsequent to July 31, 2012, the Company announced closing of a financing by an insider. The financing consisted of the issuance of 3,500,000 units at a purchase price of $1.15 per unit, for aggregate net proceeds of $4,025,000. 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 CDN $1.25 prior to 5:00 PM September 10, 2013.

Also subsequent to July 31, 2012, the Company announced that it intends to complete a non-brokered private placement to raise up to CDN $4,000,000. The Offering is expected to consist of 3,478,261 units at a purchase price of $1.15 per unit, for aggregate gross proceeds of $4,000,000. Each unit consists of one common share 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 CDN$1.25 prior to 5:00 pm on the one year anniversary of the closing date of the Offering.

In addition, subsequent to July 31, 2012, the Company announced the closing of the acquisition from Bell Copper Corporation ("Bell Copper") of 100% of Bell Copper's interests in the Sombrero Butte property located in Pinal County, Arizona (the "Sombrero Butte Copper Project") and all Bureau of Land Management (Arizona) lode claims (the "Van Dyke BLM Claims") that Bell Copper acquired which are adjacent to Bell Copper's interests in the Van Dyke copper deposit located in Miami, Arizona. Copper Fox acquired the Sombrero Butte Copper Project and Van Dyke BLM Claims by paying to Bell Copper the US-dollar equivalent of CDN$1,000,000 in cash and assuming Bell Copper's continuing obligations in respect of the Sombrero Butte Copper Project and Van Dyke BLM Claims.

11. **Commitment**

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

Period	Aug 1, 2012 - Oct 31, 2012	Nov 1, 2012 - Oct 31, 2013	Nov 1, 2013 - Jun 30, 2014
Amount	$ 35,610	$ 113,818	$ 18,406

12. **IFRS**

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. This note sets out how the transition from Canadian GAAP to IFRS has affected the Company's statement of financial position as at July 31, 2011, statement of comprehensive loss for the three and nine months ended July 31, 2011 and the statement of cash flows for the nine months ended July 31, 2011.

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.

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.

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

As at July 31, 2011	GAAP as previously recorded	Effect of transition to IFRS	IFRS
Assets			
Current assets:			
Cash and cash equivalents	$ 955,520	$ -	$ 955,520
Accounts receivable	494,789	-	494,789
Prepaid expenses and deposits	1,095,904	-	1,095,904
	2,546,213	-	2,546,213
Investment	759,305	-	759,305
Mineral properties	33,580,608	30,310,996	63,891,604
Property and equipment	490,140	449,905	940,045
	$ 37,376,266	$ 30,760,901	$ 68,137,167
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	$ 1,924,902	$ -	$ 1,924,902
Shareholder loan	1,500,000	-	1,500,000
	3,424,902	-	3,424,902
Asset retirement obligations	444,545	178,088	622,633
Deferred taxes	-	8,535,407	8,535,407
Shareholders' equity:			
Share capital	64,410,021	(5,421,568)	58,988,453
Share purchase warrants	60,013	-	60,013
Contributed surplus	9,888,806	-	9,888,806
Deficit	(40,852,021)	27,468,974	(13,383,047)
	33,506,819	22,047,406	55,554,225
	$ 37,376,266	$ 30,760,901	$ 68,137,167

The Canadian GAAP statements of comprehensive loss for the three and nine month periods ended July 31, 2011 have been reconciled to IFRS as follows:

For the three months ended July 31, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Expenses:			
Administration	$ 288,011	$ -	$ 288,011
Amortization and accretion	28,951	9,438	38,389
Professional fees	100,230		100,230
Processing fees	26,196		26,196
Rent	7,711		7,711
Share based compensation	4,983		4,983
Travel	46,862		46,862
Net loss before income tax	502,944	9,438	512,382
Deferred income tax liability	-	-	-
Net loss	$ 502,944	$ 9,438	$ 512,382

For the nine months ended July 31, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Expenses:			
Administration	$ 760,300	$ -	$ 760,300
Amortization and accretion	86,692	28,593	115,285
Professional fees	344,752		344,752
Processing fees	125,429		125,429
Rent	23,622		23,622
Share based compensation	1,775,725		1,775,725
Travel	123,284		123,284
Net loss before income tax	3,239,804	28,593	3,268,397
Deferred income tax liability	-	732,463	732,463
Net loss	$ 3,239,804	$ 761,056	$ 4,000,860

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

For the nine months ended July 31, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Cash provided by (used in):			
Operations:			
Net loss for the period	$ (3,239,804)	$ (761,056)	$ (4,000,860)
Items not involving cash:			
Depreciation, amortization and accretion	86,692	28,593	115,285
Deferred income tax	-	732,463	732,463
Share based compensation	1,775,725		1,775,725
Change in non-cash working capital	(216,661)		(216,661)
	(1,594,048)	-	(1,594,048)
Financing:			
Shareholder loan	1,500,000		1,500,000
Proceeds from issue of f shares and warrants	10,924,575		10,924,575
	12,424,575	-	12,424,575
Investing:			
Mineral property expenditures	(8,682,794)		(8,682,794)
Mineral property acquisitions	(600,000)		(600,000)
Investment	(300,047)		(300,047)
Additions to property and equipment	(6,281)		(6,281)
Net change in non-cash working capital	(750,457)		(750,457)
	(10,339,579)	-	(10,339,579)
Increase in cash and cash equivalents during period	490,948	-	490,948
Cash and cash equivalents, beginning of period	464,572		464,572
Cash and cash equivalents, end of period	$ 955,520	$ -	$ 955,520