

COPPER FOX METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2013

September 27, 2013

Introduction

This management's discussion and analysis ('MD&A') should be read in conjunction with Copper Fox Metals Inc.'s (the 'Company' or 'Copper Fox') unaudited interim financial statements for the three and nine months ended July 31, 2013 and related notes thereto and the audited annual financial statements for the year ended October 31, 2012 and related notes thereto and management discussion and analysis thereon.

Technical and corporate information contained in this MD&A has previously been disseminated by way of news release and is filed on Sedar at www.sedar.com and on the Company's website at www.copperfoxmetals.com. The reader should be aware that historical results are not necessarily indicative of future performance (readers should refer to 'Forward Looking Statements' on page 12).

The effective date of this MD&A is September 27, 2013. All amounts are in Canadian dollars unless otherwise stated.

Description of Business

Copper Fox is a Canadian resource development company listed on the TSX-Venture Exchange (TSX-V: CUU) with offices in Calgary, Alberta and Vancouver, British Columbia. Copper Fox holds a 25% interest in a joint venture (the 'Schaft Creek Joint Venture') with Teck Resources Limited ('Teck') on the Schaft Creek project in northwestern British Columbia. In addition to Copper Fox's interest in the Schaft Creek Joint Venture, Copper Fox holds, through Desert Fox Copper Inc. (Desert Fox) and its wholly-owned subsidiaries, mineral tenures located in Pinal County, Arizona (the 'Sombrero Butte Copper Project') and in Miami, Arizona (the 'Van Dyke Copper Project').

On execution of the Schaft Creek Joint Venture, Copper Fox has a 25% interest in the Schaft Creek project and beneficially owns approximately 21.07% of the shares of Liard Copper Mines Limited. On completion of the feasibility study, Copper Fox had advanced the Schaft Creek project to the stage where the expertise of a major mining company was required. The initial cash payment associated with the Schaft Creek Joint Venture agreement provided Copper Fox with the ability to reward its shareholder with a small cash payment by way of a reduction of capital and sufficient funds to carry out its planned exploration/development and corporate activities for the next 2-3 years. After the capital reduction distribution to the shareholders; Copper Fox has approximately \$8 million of unallocated cash. For corporate planning purposes, the Company has established Desert Fox, a wholly owned operating subsidiary to manage all future exploration/development activities as well as possible equity or working interest in other significant copper projects in North America.

Going forward, the Company will operate through Desert Fox and utilize its unallocated cash to advance the Arizona copper assets with the majority of the effort on the Van Dyke copper project. The historical data including the historical estimate and the preliminary in-situ leach test data strongly suggests that the Van Dyke copper deposit could be exploited using in-situ leaching, a copper production method currently being considered for several other similar copper projects in Arizona. Desert Fox's objective is to complete as soon as possible the work required to prepare a Preliminary Economic Assessment technical report on the Van Dyke project to estimate a preliminary valuation for this project.

Highlights for the Period Ended July 31, 2013

Joint Venture

During the quarter ended July 31, 2013, the Company announced the formation of a joint venture with Teck to further explore and develop the Schaft Creek project located in northwestern British Columbia, Canada.

Terms of the Agreement

- The agreement replaces and supersedes the 2002 option and joint venture agreement between Teck and Copper Fox in connection with Schaft Creek.
- Teck will hold a 75% interest and Copper Fox will hold 25% in the Schaft Creek Joint Venture.
- Teck will be the operator of the Schaft Creek Joint Venture.
- Teck will pay a total of \$60 million in three direct cash payments to Copper Fox: \$20 million upon signing the Schaft Creek Joint Venture Agreement, \$20 million upon a Production Decision, and \$20 million upon the completion of the mine facility.
- Teck will fund 100% of costs incurred prior to a production decision up to \$60 million; Copper Fox's pro rata share of any pre-production costs in excess of \$60 million will be funded by Teck and the direct cash payments payable to Copper Fox will be reduced by an equivalent amount, and Teck will fund any additional costs incurred prior to a production decision, if required, by way of loan to Copper Fox to the extent of its pro rata share, without dilution to Copper Fox's 25% joint venture interest.
- On signing Teck reimbursed \$3.93 million for Schaft Creek mineral tenure acquisition costs and costs related to the Stewart Bulk Terminal land reservation agreement incurred by Copper Fox.
- Management of the Joint Venture will be made up of two representatives from Teck and Copper Fox with voting proportional to equity interests.
- Teck has agreed to use all reasonable commercial efforts to arrange project equity and debt financing for project capital costs of constructing a mining operation upon a production decision being made; Teck has agreed to fund Copper Fox's pro rata share of project capital costs by way of loan, if requested by Copper Fox, without dilution to Copper Fox's 25% joint venture interest.

Teck and Copper Fox's Interest in the Liard Shares

Liard Copper Mines Limited ('Liard') holds a 30% net proceeds interest in the Schaft Creek property. Seventy eight percent of the shares of Liard are held by the Schaft Creek Joint Venture. These shares will be held in the name of Teck for the benefit of Copper Fox (25%) and Teck (75%).

Joint Venture Agreement on SEDAR

The full terms of the Schaft Creek Joint Venture are set out in the definitive Joint Venture Agreement between Copper Fox and Teck dated July 15, 2013. A copy of the Agreement is available under Copper Fox's profile on Sedar at www.sedar.com.

Corporate Activities

On formation of the Schaft Creek Joint Venture with Teck, Teck assumed operatorship of the Schaft Creek project resulting in a reduced level of activity at Schaft Creek for Copper Fox. The reduced level of activity at Schaft Creek combined with other corporate activities has resulted in the following highlights:

- a) A tax free cash distribution of \$0.0275/share as a return of capital was declared to shareholders of record on Tuesday, August 20, 2013 (the 'Record Date'). In general terms, a return of capital is not included in income by shareholders but does reduce the cost of a share for income tax purposes. The ex-distribution date for this distribution was Friday, August 16, 2013. The distribution was paid to shareholders on Thursday, August 29, 2013;
- b) The Company's wholly-owned subsidiary has been named "Desert Fox Copper Inc." and is the primary operating vehicle responsible for acquisitions, and exploration and development activities;
- c) The subsidiaries of Desert Fox have been renamed as follows: Copper Fox Minerals Co. to Desert Fox Minerals Co., Copper Fox Van Dyke Co. to Desert Fox Van Dyke Co. and Copper Fox Sombrero Butte Co. to Desert Fox Sombrero Butte Co.;
- c) Copper Fox management and personnel have now been assigned to Desert Fox to support Desert Fox's new role as the primary operating vehicle for the Company, re-aligning overhead and providing savings and cost efficiencies;
- d) With the lessening of activity at Schaft Creek and changes to Copper Fox management the general and administrative expenses have been significantly reduced.
- e) Desert Fox has commenced activities on its Van Dyke and Sombrero Butte copper projects located in Arizona. Activities include compilation and review of over 6,000 boxes of core and samples from 72 drill holes, diamond drilling, environmental and geotechnical studies on the Van Dyke copper deposit and a surface and geophysical exploration program on the Sombrero Butte copper project;
- f) Desert Fox intends to acquire and invest in advanced poly-metallic copper projects within North America to take advantage of unprecedented current market value opportunities.

Acquisitions

Arizona

During the year ended October 31, 2012 the Company purchased the Sombrero Butte property and the Van Dyke BLM Claims by paying to Bell Copper Corporation ('Bell') the US-dollar equivalent of CDN \$1,000,000 in cash and assuming Bell's continuing obligations in respect of the Sombrero Butte Copper Project and Van Dyke BLM Claims. The continuing obligation on the Sombrero Butte property is a US \$650,000 payment due on January 9, 2014. On payment of this amount, Copper Fox would hold an undivided 100% interest in the Sombrero Butte property.

During the nine months ended July 31, 2013, the Company completed the acquisition of Bell's interests in the Van Dyke copper deposit (the 'Van Dyke Deposit') located in Miami, Arizona (see News Release dated July 9, 2012). Under the terms of the acquisition, Copper Fox acquired the Van Dyke Deposit by paying to Bell CDN \$500,000 in cash, paying to the vendors of the Van Dyke Deposit US \$1.5 million and assuming the continuing obligations in respect of the Van Dyke Deposit, subject to certain amended terms and conditions.

Additionally, Copper Fox located (staked) an additional 22 mineral lode claims contiguous to the Sombrero Butte project to protect the extension of the mineralized breccia pipes previously explored by Bell. The Sombrero Butte project now consists of 60 lode claims and covers 3,342 acres.

British Columbia

During the nine months ended July 31, 2013 the Company acquired 4 mineral tenures (487.99 hectares) located around and contiguous to the Schaft Creek project. Consideration paid was \$12,000 cash and a 2% net smelter return ('NSR')

royalty on the mineral tenures 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%.

Also, the Company acquired two mineral tenures (729.55 hectares) located around and contiguous to the Schaft Creek project. Consideration paid was \$5,000 cash and a 2% NSR royalty on the mineral tenures 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%. The Company acquired two other mineral tenures (209.67 hectares) located around and contiguous to the Schaft Creek project, and paid \$866.83 for staking fees. These acquisitions and accompanying agreements were subsequently transferred to the Schaft Creek Joint Venture.

BC Hydro

In March 2013, the Company entered into a facilities study agreement (the 'Facilities Study Agreement') with the British Columbia Hydro and Power Authority ('BC Hydro') in connection with the proposed electrical power supply to the Company's Schaft Creek project. The Facilities Study Agreement sets forth the terms and conditions for BC Hydro to perform a facilities study to assess the electrical and equipment requirements to connect the Schaft Creek project to the forthcoming BC Hydro Bob Quinn electrical substation.

In order to conduct the Study, the Schaft Creek Joint Venture will pay a required deposit to BC Hydro. Copper Fox has provided BC Hydro with a system impact study request and BC Hydro has assigned a connection queue position for the Schaft Creek project. This queue position will be used to determine the order of performing the Study, which is expected to be completed on or before May 31, 2014 and will cost in excess of \$1 million to complete.

This project has been assigned to Teck pursuant to the terms and conditions of the Schaft Creek Joint Venture.

Arizona Assets and Projects

Desert Fox has commenced operations on its Van Dyke and Sombrero Butte copper projects located in Arizona.

Van Dyke Project

The Van Dyke project has approximately 6,000 boxes of core and samples from the historical drill holes completed by Occidental Minerals Corporation that are available for re-logging and sampling. The objective of the 2013 work is to compile a data base to determine what, if any, additional drilling needs to be completed to establish a current resource. Additional activities include the commencement of baseline environmental studies, preliminary engineering and geotechnical studies to determine the optimal method to extract the copper mineralization, and additional metallurgical testwork to determine average copper recovery rates. The metallurgical testwork will be dictated by the results of geotechnical and engineering studies. A brief summary of the historical results of the Van Dyke project is outlined below.

Historical Results Van Dyke Project

The 1,100 acre Van Dyke project is located in the Globe-Miami Mining District of Arizona, 90 miles east of Phoenix, Arizona. In the early 1900s, a shaft was sunk to a depth of 1,692 feet and the mine is reported to have produced 11.8 million pounds of copper between 1929 and 1945 from copper oxide mineralization at a reported grade of 5.0 % copper.

Between 1968 and 1973, Occidental Minerals Corporation ('Occidental') and a number of other companies drilled 70 exploration holes (sixty-two of which encountered measureable copper mineralization) on the Van Dyke property of which 46 holes were used to complete an historical estimate of 112,000,000 tons at a grade of 0.52% copper (estimated to contain 1.2 billion pounds of copper). Occidental used a polygonal method to complete the historical estimate. The parameters used to complete the historical estimate are: mineralization was extrapolated a maximum distance of 400 feet from a drill hole and copper grades were capped at 2.5% with a tonnage factor of 12.5 cubic feet per ton. The minimum mineralized interval used in the historical estimate was 15 feet depending on trend, geology and grade of adjacent mineralized intercepts. The historical estimate is set out in a report entitled "Report and Recommendations for the Van Dyke Copper Project, Arizona", dated December 12, 1973 prepared by Mr. J. A. Johnston, geologist.

Copper Fox cautions that a Qualified Person has not done sufficient work to classify the Van Dyke historical estimate as a current resource estimate. Copper Fox is not treating the Van Dyke historical estimate as a current resource estimate. The work completed by Occidental has not been verified by Copper Fox and is not considered reliable when compared with National Instrument 43-101 ('NI 43-101') standards.

Additional diamond drilling, assaying, confirmation of the extent and grade of the mineralization reported in the core holes used in the historical estimate, density measurements, updated metal prices and additional metallurgical testwork is required to either upgrade or verify the Van Dyke historical estimate as a current mineral resource.

Occidental also completed preliminary metallurgical testwork to determine if the copper mineralization in the Van Dyke deposit was amendable to in-situ leaching, with a pilot program of two 1,000 foot deep holes, 75 feet apart. The reports on the in-situ leaching metallurgical testwork indicated copper recoveries up to 80% using hydrofracturing to improve fluid circulation.

Sombrero Butte Project

The Sombrero Butte property consists of 3,342 acres located in the Bunker Hill Mining District of Arizona, 44 miles northeast of Tucson, Arizona. The project is located 9 miles east of the San Manuel Mine (14 billion lbs Cu), and 2 miles south of Redhawk Resources' Copper Creek project (7.75 billion lbs Cu).

Desert Fox's objective in 2013 on the Sombrero Butte project is to assess this project for its potential to host a large porphyry copper-molybdenum deposit. The mineralized breccia pipes (see table below) located on the property are typical of other porphyry copper deposits in this part of Arizona and are interpreted to represent one or more underlying porphyry copper systems at depth. To achieve this objective, a program of surface mapping and sampling followed by a deep penetrating geophysical survey (Induced Polarization) to identify chargeability/resistivity anomalies indicative of porphyry copper systems is currently underway.

Previous exploration on this project located 25 breccia pipes which elsewhere in the district overlie associated porphyry copper systems. The source of the mineralized breccia pipes is interpreted to be one or more underlying porphyry copper systems. Between 2006 and 2008, 29 of 34 holes drilled to test 8 breccia pipes intersected significant copper mineralization over core intervals ranging from 2m to 72m with average copper grades ranging from 0.37% to 5.85%, for these intervals (see table below). The mineralization in these breccia pipes remains open at depth. Some of the mineralized intervals from the 34 holes completed are as follows:

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Breccia Pipe	Drill Hole ID	From (m)	To (m)	Interval (m)	Copper (%)
Magma	SB-02	286	334	48	1.06
Campstool	SB-03	272	294	22	0.58
Sunset	SB-05	18	40	22	4.74
Rattler	SB-09	96	110	14	0.83
Audacious	SB-14	20	86	66	1.45
Victor's	SB-29	4	70	66	0.61

The mineralized intervals listed in the above table do not represent true widths.

Annual General Meeting

The Company will hold its annual general meeting of shareholders on Wednesday, October 16, 2013 at 10:00 AM in Calgary, Alberta at the Calgary Marriott Downtown, 110 9 Avenue SE, in the Acadia A room on the second floor.

Elmer B. Stewart, MSc. P. Geol., President of Copper Fox, the Company's nominated Qualified Person pursuant to National Instrument 43-101, Standards for Disclosure for Mineral Projects, has reviewed the technical information disclosed in the preceding paragraphs.

Period Overview

Revenues

The Company has no income producing assets and has not reported revenue from operations for any of the quarters ended July 31, 2013 and July 31, 2012. The Company is considered to be in the exploration and development stage.

Expenses

During the three and nine months ended July 31, 2013 Copper Fox incurred expenses of \$770,317 (2012 - \$1,328,328) and \$1,993,575 (2012 - \$2,396,873). A comparison of the expenses incurred by Copper Fox for the periods ended July 31, 2013 and July 31, 2012 is set out below:

	Three Months Ended		Nine Months Ended	
	July 31, 2013	July 31, 2012	July 31, 2013	July 31, 2012
Expenses:				
Administration	\$ 379,924	\$ 478,423	\$ 1,072,919	\$ 1,233,814
Depreciation, amortization and accretion	39,693	45,102	111,498	123,487
Professional fees	314,820	320,465	729,636	545,268
Stock based compensation	35,880	484,338	79,522	494,304
Loss before income taxes	\$ 770,317	\$ 1,328,328	\$ 1,993,575	\$ 2,396,873

The change in expenses for the three and nine months ending July 31, 2013 compared to the same periods ending July 31, 2012 is mainly due to share based compensation (a non cash item) expenses recorded in 2012.

Loss/Income

Copper Fox had net income and comprehensive income for the three and nine months ended July 31, 2013 of \$3,117,445 (2012 – (\$2,060,791)) and \$1,894,187 (2012 – (\$3,129,336)). The income is due to a reversal of the deferred income tax of \$3,887,762 and expenditures of \$770,317 for the three months and \$1,933,575 for the six months.

Loss/Income per Share

Loss/income per share is computed by dividing net loss/income for the period by the weighted average number of shares outstanding. In computing loss/income per share the weighted average number of shares outstanding during the three and nine months ended July 31, 2013 is 399,718,652 (2012 – 388,094,627) and 399,718,652 (2012 – 384,743,069) 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.

The loss/income per share for the three and nine months ended July 31, 2013 was \$0.01 (2012 – (\$0.01)) and \$0.01 (2012 – (\$0.01)).

Total Assets

Total assets of the Company at July 31, 2013 are \$89,874,778 (October 31, 2012 - \$90,267,920).

Selected Unaudited Quarterly Financial Information

	Net Loss	Net (loss)/income per share - basic and diluted
<u>2013</u>		
Third Quarter	\$ 3,117,445	\$ 0.01
Second Quarter	\$ (697,664)	\$ 0.00
First Quarter	\$ (525,595)	\$ 0.00
<u>2012</u>		
Fourth Quarter	\$ (812,324)	\$ 0.00
Third Quarter	\$ (1,328,328)	\$ 0.00
Second Quarter	\$ (514,292)	\$ 0.00
First Quarter	\$ (554,254)	\$ 0.00
<u>2011</u>		
Fourth Quarter	\$ (1,018,883)	\$ (0.01)

Income in the third quarter of 2013 is primarily due to a future income tax adjustment. The increase in loss for the second quarter of 2013 is primarily due to legal fees relating to the Arizona acquisition. The increase in loss in the third and fourth quarters of 2012 and the decrease in loss for the third quarter of 2013 is due to share based compensation expense which does not affect the cash flow of the Company. The loss increase in the fourth quarter of 2011 is due to increased professional fees, trade shows and travel.

Liquidity and Capital Resources

At July 31, 2013, the Company had working capital of \$25,448,521 and a deficit of \$15,328,349 and had net income of \$3,117,445 and \$1,894,187 for the three and nine months ended July 31, 2013.

Off Balance Sheet Arrangements

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

Period	Aug 1, 2013 - Oct 31, 2013	Nov 1, 2013 - Jun 30, 2014
Amount	\$ 40,991	\$ 90,903

The Company is required to pay US \$650,000 under an acquisition agreement which is due on January 9, 2014.

Related Party Transactions

During the three and nine months ended July 31, 2013 directors and officers of the Company incurred \$221,353 (2012 - \$293,858) and \$776,463 (2012 - \$663,279) for management and technical services on behalf of the Company. At July 31, 2013 \$32,588 (2012 - \$21,784) is included in accounts payable. Share based compensation issued to related parties during the nine months ended July 31, 2013 was 365,000 options for a total fair market value of \$67,303 (2012 - Nil). These options are recorded on a graded vesting basis with \$44,869 vesting in the nine months ended July 31, 2013.

Mineral Property

Expenditures on the Schaft Creek zone on the British Columbia ('BC') property for the nine months ended July 31, 2013 were \$3,147,787 compared to \$10,472,194 for the nine months ended July 31, 2012. The decrease is mainly due to a decrease in drilling and feasibility expenditures with an increase in expenditures on the environmental program.

A comparison and detail of expenditures related to the Schaft Creek zone on the BC property for 2013 and 2012 is as follows:

	Expenditures November 1, 2012 to July 31, 2013	Expenditures November 1, 2011 to October 31, 2012
Drilling Program/camp activities	\$ 359,883	\$ 6,490,133
Environmental Program	1,441,718	1,191,512
Feasibility Study	680,596	2,768,243
Social License	150,195	99,629
Geology, Engineering, Metallurgy	280,419	785,084
Testing, Assaying, Mapping, Etc.	7,625	857,030
Miscellaneous	227,351	358,281
Capital Compensation	-	206,544
	\$ 3,147,787	\$ 12,756,456

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A comparison and detail of expenditures related to the ES, GS and South zones for 2013 and 2012 is as follows:

	Expenditures November 1, 2012 to July 31, 2013	Expenditures November 1, 2011 to October 31, 2012
Acquisition costs	\$ 17,867	\$ 92,000
Staking	17,809	55,081
Technical analysis	-	-
	\$ 35,676	\$ 147,081

The decrease in expenditures is due to a smaller amount of acquisitions and the due dates for the mineral tenure staking fall later in the year.

A comparison and detail of expenditures related to the Arizona properties for 2013 and 2012 is as follows:

	Expenditures November 1, 2012 to July 31, 2013	Expenditures November 1, 2011 to October 31, 2012
Acquisition costs	\$ 2,076,861	\$ 977,808
Permitting	55,825	30,119
Technical analysis	146,848	22,809
	\$ 2,279,534	\$ 1,030,736

The increase in expenditures is mainly due to the completion of the acquisition of the Van Dyke property.

Critical Accounting Estimates

The preparation of financial statements in accordance with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Although these estimates are based on management's expectations for the likely outcome, timing and amounts of events or transactions, actual results could differ from those estimates. Areas requiring the use of management estimates include the determination assumptions used in the determination of the remaining life of property and equipment, estimating future decommissioning liabilities and estimating accrued liabilities.

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

- i) Mineral property and exploration and evaluation assets

The measurement and impairment of mineral properties are based on various judgments and estimates. These include

the technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves and/or resources, future mineral prices and operating and capital expenditures for the properties.

ii) Taxation

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

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

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

iii) Stock-based compensation

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

Share Capital

The Company is authorized to issue an unlimited number of common shares of which 402,965,044 were outstanding at July 31, 2013. The following table shows the detailed number of shares, options and warrants outstanding as of July 31, 2013 and changes that have occurred up to the date of this MD&A.

	As of 31-Jul-13	Change in 2013	Issued in 2013	As of 25-Sep-13
Common shares issued and outstanding	402,965,044	-	1,775,000	404,740,044
Common shares issuable upon exercise of stock options	10,585,000	(2,175,000)	-	8,410,000
Common shares issuable upon exercise of warrants	16,075,536	(3,500,000)	-	12,575,536
Common shares fully diluted	429,625,580	(5,675,000)	1,775,000	425,725,580

Subsequent Events

Subsequent to July 31, 2013, the Company announced the following:

- a) A tax free cash distribution of \$0.0275/share as a return of capital was declared to shareholders of record on Tuesday, August 20, 2013 (the 'Record Date'). In general terms, a return of capital is not included in income by shareholders but does reduce the cost of a share for income tax purposes. The ex-distribution date for this distribution was Friday, August 16, 2013. The distribution was paid to shareholders on Thursday August 29, 2013;
- b) The Company's wholly-owned subsidiary has been named "Desert Fox Copper Inc." ('Desert Fox') and is the primary operating vehicle responsible for acquisitions, and exploration and development activities;
- c) The subsidiaries of Desert Fox have been renamed as follows: Copper Fox Minerals Co. to Desert Fox Minerals Co., Copper Fox Van Dyke Co. to Desert Fox Van Dyke Co. and Copper Fox Sombrero Butte Co. to Desert Fox Sombrero Butte Co.;
- d) Mr. Michael Smith, Executive Vice President, retired as an officer effective September 1, 2013. Mr. Smith is committed to remain an active member of the Board of Directors.
- e) Mr. Cam Grundstrom, Vice President - Operations, and Mr. Shane Uren, Vice President - Environment & Permitting, resigned as officers of Copper Fox effective September 1, 2013. Mr. Grundstrom and Mr. Uren intend to remain involved in Desert Fox on an as-required consultancy basis.

Cautionary Note Regarding Forward-Looking Information

This Management's Discussion and Analysis (MD&A) contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words "believes," "may," "plans," "will," "anticipates," "intends," "budgets," "could", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions. Forward-looking information in this MD&A includes statements about the formation, terms and future activities of the Schaft Creek Joint Venture; further exploration and development of the Schaft Creek project; direct cash payments to Copper Fox upon a Production Decision and upon the completion date of a mine; financing to advance the Schaft Creek project, including project equity and debt financing for projected capital costs of construction of a mining operation; the Facilities Study Agreement with BC Hydro, including future payments and timing thereof; ongoing obligations of Copper Fox in connection with the Van Dyke and Sombrero Butte acquisitions; ongoing and planned activities on the Van Dyke and Sombrero Butte projects, including compilation and review of boxes of core and samples, diamond drilling, environmental and geotechnical studies and surface and geophysical exploration programs; the intention of Desert Fox to acquire and invest in advanced polymetallic copper projects within North America; work objectives on the Van Dyke property, including compilation of a data base, additional drilling, baseline environmental studies, preliminary engineering and geotechnical studies, additional metallurgical test work; establishing a current resource for the Van Dyke property; work objectives on the Sombrero Butte property, including the location of the source of mineralized breccias pipes, a program of surface mapping and sampling followed by a deep penetrating geophysical survey to identify chargeability/resistivity anomalies; expected capital requirements to continue planned activities; expected sources and the adequacy of required capital resources; geological interpretations and potential mineral recovery processes.

In connection with the forward-looking information contained in this MD&A, Copper Fox has made numerous assumptions, regarding, among other things: the geological, metallurgical, engineering, financial and economic advice that Copper Fox has received is reliable, and is based upon practices and methodologies which are consistent with industry standards; and the continued financing of Copper Fox and Desert Fox's operations. While Copper Fox considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies. Additionally, there are known and unknown risk factors which could cause Copper Fox's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include: the Schaft Creek Joint Venture may not result in a Production Decision being made, or the construction of a mine; further exploration and development of the Schaft Creek property may not occur as expected; cash payments to Copper Fox may not be paid by Teck in the quantum or timing expected, or at all; financing commitments may not be sufficient to advance the Schaft Creek project as expected, or at all; the Facilities Study Agreement with BC Hydro may not result in the connection of the Schaft Creek project to an electrical substation as currently anticipated; the possibility that future obligations with respect to the Sombrero Butte property may

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not be met on a timely basis, or at all; planned activities for the Van Dyke and Sombrero Butte properties may not commence as currently planned, or at all; current resources estimates may never be obtained by the Company for the Van Dyke and Sombrero Butte properties; fluctuations in metal prices and currency exchange rates; conditions in the financial markets and overall economy may continue to deteriorate; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of the metallurgical testwork; the uncertainty of the estimates of capital and operating costs, recovery rates, and estimated economic return; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs; and uncertainty of meeting anticipated program milestones.

A more complete discussion of the risks and uncertainties facing Copper Fox is disclosed in Copper Fox's continuous disclosure filings with Canadian securities regulatory authorities at www.sedar.com. All forward-looking information herein is qualified in its entirety by this cautionary statement, and Copper Fox disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.