Unaudited Interim Condensed Consolidated Financial Statements of

COPPER FOX METALS INC.

July 31, 2014

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company’s independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditors.

COPPER FOX METALS INC.

Interim Consolidated Statements of Financial Position
As at July 31, 2014 and October 31, 2013
(Unaudited)

	31-Jul-14	31-Oct-13
Assets		
Current assets:		
Cash and cash equivalents	$ 3,508,230	$ 8,800,237
Trade and other receivables	4,532,441	4,473,194
Prepaid expenses and deposits	349,958	261,695
Total current assets	8,390,629	13,535,126
Non-current assets		
Investments (note 7)	765,305	759,305
Exploration & evaluation assets (note 5)	70,543,225	64,423,199
Property and equipment (note 4)	201,805	220,149
Total non-current assets	71,510,335	65,402,653
Total assets	$ 79,900,964	$ 78,937,779
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 946,639	$ 436,662
Total current liabilities	946,639	436,662
Non-current liabilities		
Decommissioning liabilities (note 8)	208,724	167,176
Deferred tax liabilities	4,492,277	4,492,277
Total non-current liabilities	4,701,001	4,659,453
Shareholders' equity		
Share capital (note 9)	73,724,094	73,259,655
Share purchase warrants (note 9)	196,623	2,424,210
Contributed surplus	15,987,238	13,993,590
Non-controlling interest	1,954,610	-
Currency translation reserve	79,859	-
Deficit	(17,689,100)	(15,835,791)
Total shareholders' equity	74,253,324	73,841,664
Total liabilities and shareholders' equity	$ 79,900,964	$ 78,937,779
Commitments (note 12)		
Subsequent event (note 15)		

See accompanying notes to interim consolidated financial statements.

On behalf of the Board:

(Signed)
Elmer B. Stewart, Director

(Signed)
J. Michael Smith, Director

COPPER FOX METALS INC.

Interim Consolidated Statements of Comprehensive (Income)/Loss
Three and Nine months ended July 31, 2014 and July 31, 2013
(Unaudited)

	Three Months Ended		Nine Months Ended	
	July 31, 2014	July 31, 2013	July 31, 2014	July 31, 2013
Expenses:				
Administration	$ 436,505	$ 379,924	$ 1,112,249	$ 1,072,919
Depreciation, amortization and accretion	16,517	39,693	31,531	111,498
Professional fees	293,131	314,820	701,514	729,636
Share based compensation	239,900	35,880	239,900	79,522
Interest income	(34,719)	-	(55,327)	-
Net loss before income tax	951,334	770,317	2,029,867	1,993,575
Deferred income tax (recovery)/expense	-	(3,887,762)	-	(3,887,762)
Net (income)/loss	951,334	(3,117,445)	2,029,867	(1,894,187)
Other comprehensive (income)/loss				
Foreign currency translation	52,794	-	(79,859)	-
Total comprehensive (income)/loss	1,004,128	(3,117,445)	1,950,008	(1,894,187)
Net (income)/loss attributable to				
Common shareholders	$ 774,775	$ (3,117,445)	$ 1,853,308	$ (1,894,187)
Non-controlling interest	176,559	-	176,559	-
Net (income)/loss	$ 951,334	$ (3,117,445)	$ 2,029,867	$ (1,894,187)
Total comprehensive (income)/loss attributable to:				
Common shareholders	$ 827,569	$ (3,117,445)	$ 1,773,449	$ (1,894,187)
Non-controlling interest	176,559	-	176,559	-
Total comprehensive (income)/loss	$ 1,004,128	$ (3,117,445)	$ 1,950,008	$ (1,894,187)
Loss per share - basic and diluted	$ 0.00	$ (0.01)	$ 0.00	$ (0.00)
Weighted average number of shares (note 10)	404,963,880	399,718,652	404,963,880	399,718,652

See accompanying notes to interim consolidated financial statements.

COPPER FOX METALS INC.

Interim Consolidated Statements of Changes in Equity
Nine months ended July 31, 2014 and July 31, 2013
(Unaudited)

	Share Capital	Warrants	Contributed Surplus	Currency Translation Reserve	Non-Controlling Interest	Deficit	Total Shareholder's Equity
Balance as at October 31, 2013	$ 73,259,655	$ 2,424,210	$ 13,993,590	$ -	$ -	$ (15,835,792)	$ 73,841,663
Common shares issued in connection with options exercised	464,439	-	(233,939)	-	-	-	230,500
Warrants expired	-	(2,227,587)	2,227,587	-	-	-	-
Currency translation adjustment	-	-	-	79,859	-	-	79,859
Acquisition of Carmax Shares	-	-	-	-	2,131,169	-	2,131,169
Net loss for the period	-	-	-	-	(176,559)	(1,853,308)	(2,029,867)
Balance as at July 31, 2014	$ 73,724,094	$ 196,623	$ 15,987,238	$ 79,859	$ 1,954,610	$ (17,689,100)	$ 74,253,324

	Share Capital	Warrants	Contributed Surplus	Currency Translation Reserve	Non-Controlling Interest	Deficit	Total Shareholder's Equity
Balance as at October 31, 2012	$ 79,484,847	$ 4,771,975	$ 11,469,644	$ -	$ -	$ (17,222,536)	$ 78,503,930
Non flow through private placement	4,153,000	-	-	-	-	-	4,153,000
Common shares issued in connection with options exercised	213,647	-	(48,647)	-	-	-	165,000
Warrants issued	(1,099,311)	1,099,311	-	-	-	-	-
Warrants expired	-	(1,364,197)	1,364,197	-	-	-	-
Share based compensation	-	-	79,523	-	-	-	79,523
Net loss for the period	-	-	-	-	-	1,894,187	1,894,187
Balance as at July 31, 2013	$ 82,752,183	$ 4,507,089	$ 12,864,717	$ -	$ -	$ (15,328,349)	$ 84,795,640

See accompanying notes to interim consolidated financial statements.

COPPER FOX METALS INC.

Interim Consolidated Statements of Cash Flow
Nine months ended July 31, 2014 and July 31, 2013
(Unaudited)

	Nine Months Ended	
	July 31, 2014	July 31, 2013
Cash provided by (used in):		
Operations:		
Net loss for the period	$ (2,029,867)	$ 1,894,187
Deferred income tax	-	(3,887,762)
Depreciation, amortization and accretion	31,531	111,498
Share based compensation	239,900	79,522
Change in non-cash working capital		
Prepaid expenses	42,630	993,994
Other receivables	(46,635)	198,575
Other payables	3,461	30,354
Net cash used in operating activities	(1,758,980)	(579,632)
Financing:		
Shareholder loan	-	(2,000,000)
Proceeds from issue of shares and warrants	421,791	4,318,000
Net cash from financing activities	421,791	2,318,000
Investing:		
Investments	(1,237,025)	
Cash acquired from acquisition	1,360,805	
Mineral property expenditures	(4,533,857)	(3,368,269)
Mineral property acquisitions	-	(2,094,727)
Capital reimbursement from JA	-	23,126,400
Acquisition of property and equipment	(4,261)	(47,715)
Change in non-cash working capital		
Mineral property receivables	-	(694,392)
Mineral property payables	459,520	(295,789)
Net cash used in investing activities	(3,954,818)	16,625,508
Increase in cash and cash equivalents during period	(5,292,007)	18,363,876
Cash and cash equivalents, beginning of period	8,800,237	1,457,148
Cash and cash equivalents, end of period	$ 3,508,230	$ 19,821,024

See accompanying notes to interim consolidated financial statements.

1. Reporting entity and nature of operations

Copper Fox Metals Inc. ('Copper Fox' or the 'Company') was incorporated under the Business Corporations Act of Alberta. On July 14, 2010 the Company transferred its registration from Alberta and became incorporated under the Business Corporations Act of British Columbia. The Company is engaged in the exploration for and development of porphyry copper mineral properties. Copper Fox's shares trade on the TSX Venture Exchange ('TSX-V') under the trading symbol CUU. To date, the Company has not earned any revenue from these operations and is considered to be in the exploration and development stage.

The Company's registered office is Suite 650, 340 – 12 Avenue SW, Calgary, AB. These consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its control over the entity. All significant intercompany transactions and balances have been eliminated. Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original acquisition plus the non-controlling interest's share of changes in equity since the date of acquisition. All of the Company's material subsidiaries are wholly owned except for Carmax Mining Corp. ("Carmax") (TSXV: CVM), of which the Company owns 42.09% of the outstanding common shares. The consolidated financial statements include 100% of the assets and liabilities related to Carmax and include a non-controlling interest representing 57.91% of Carmax's assets and liabilities not owned by the Company. Accounting policies are applied consistently throughout all consolidated entities.

2. Basis of presentation and significant accounting policies

These interim consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC').

These interim consolidated financial statements follow the same accounting policies and methods of computation as outlined in note 2 of the Company's consolidated audited financial statements for the year ended October 31, 2013, except as noted below in note 3 of these interim consolidated financial statements. These interim consolidated financial statements do not include all of the information required for the annual financial statements.

These interim consolidated financial statements were approved for issuance by the Board of Directors on September 23, 2014.

3. Recent accounting pronouncements

The IASB issued a number of new and revised accounting standards that are effective for annual periods beginning on or after January 1, 2013. These standards include the following:

i. IFRS 10, Consolidated Financial Statements;
ii. IFRS 11, Joint Arrangements;
iii. IFRS 12, Disclosure of Interests in Other Entities;
iv. IFRS 13, Fair Value Measurement;
v. Amended IAS 27, Separate Financial Statements;
vi. Amended IAS 28, Investments in Associates and Joint Ventures; and
vii. IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine.

These new and revised accounting standards have been adopted by Copper Fox, and the Company has determined there is no impact on its financial statements.

4. Property and equipment

	Rate	Cost	Accumulated Amortization	Net Book Value July 31, 2014	Net Book Value October 31, 2013
Computer equipment	30%	$ 82,544	$ 59,896	$ 22,648	$ 24,013
Furniture & equipment	20%	46,887	35,852	11,035	12,982
Buildings	10%	137,250	73,800	63,450	68,595
Heavy equipment	30%	173,332	150,631	22,701	29,292
Field Equipment Eaglehead	30%	8,500	7,091	1,409	-
Asset retirement obligation		145,703	65,141	80,562	85,267
		$ 594,216	$ 392,411	$ 201,805	$ 220,149

Property and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

Amortization of property and equipment, excluding Field Equipment Eaglehead, is calculated using the declining balance method to write off the cost, net of any estimated residual value, over their estimated useful lives as follows:

Building	useful life
Furniture and equipment	5 years
Heavy equipment	3 years
Computer equipment	3 years

Amortization of Field Equipment Eaglehead, is calculated using the straight line method to write off the cost, net of any estimated residual value, over their estimated useful lives.

5. **Exploration and evaluation assets**

	Balance October 31, 2013	Additions	Balance July 31, 2014
Arizona properties			
Van Dyke Project			
Acquisition of property rights	$ 2,559,781	$ 22,444	$ 2,582,225
Technical analysis	451,963	3,373,132	3,825,095
Licenses and permits	48,078	7,050	55,128
Foreign Exchange	21,883	441,875	463,758
Total Van Dyke Project	3,081,705	3,844,501	6,926,206
Sombrero Butte Project			
Acquisition of property rights	$ 701,205	$ -	$ 701,205
Technical analysis	96,426	57,664	154,090
Licenses and permits	38,511	23,014	61,525
Foreign Exchange	22,777	39,186	61,963
Total Sombrero Butte Project	858,919	119,864	978,783
Total Arizona properties	3,940,624	3,964,365	7,904,989
British Columbia Properties			
Schaft Creek			
Acquisition of property rights	$ 3,053,755	$ -	$ 3,053,755
Technical analysis	61,750,009	106,445	61,856,454
Licenses and permits	106,623	-	106,623
Sub-total Schaft Creek	64,910,387	106,445	65,016,832
BC mineral exploration tax credit	(4,427,812)	-	(4,427,812)
Total Schaft Creek	60,482,575	106,445	60,589,020
Eaglehead			
Technical analysis	-	2,049,216	2,049,216
Total Eaglehead	-	2,049,216	2,049,216
Total mineral properties	$ 64,423,199	$ 6,120,026	$ 70,543,225

	Balance October 31, 2012	Additions	Balance October 31, 2013
Arizona properties			
Van Dyke Project			
Acquisition of property rights	$ 488,904	$ 2,070,877	$ 2,559,781
Technical analysis	13,924	438,039	451,963
Licenses and permits	6,817	41,261	48,078
Foreign exchange	-	21,883	21,883
Total Van Dyke Project	509,645	2,572,060	3,081,705
Sombrero Butte Project			
Acquisition of property rights	$ 488,904	$ 212,301	$ 701,205
Technical analysis	8,884	87,542	96,426
Licenses and permits	23,302	15,209	38,511
Foreign Exchange	-	22,777	22,777
Total Sombrero Butte Project	521,090	337,829	858,919
Total Arizona properties	1,030,735	2,909,889	3,940,624
British Columbia Properties			
ES, GS and South Zone			
Acquisition of property rights	$ 3,035,788	$ 17,867	$ 3,053,655
Technical analysis	171,213	17,809	189,022
Sub-total ES, GS and South Zone	3,207,001	35,676	3,242,677
Joint venture capital reimbursement	-	(2,432,008)	(2,432,008)
Total ES, GS and South Zone	3,207,001	(2,396,332)	810,669
SC Zone			
Acquisition of property rights	100	-	100
Technical analysis	80,774,250	3,854,108	84,628,358
Licenses and permits	106,623	-	106,623
Sub-total SC Zone	80,880,973	3,854,108	84,735,081
Joint venture capital reimbursement	-	(20,635,363)	(20,635,363)
BC mineral exploration tax credit	(4,225,067)	(202,745)	(4,427,812)
Total SC Zone	76,655,906	(16,984,000)	59,671,906
Total mineral properties	$ 80,893,642	$ (16,470,443)	$ 64,423,199

During the year ended October 31, 2013, the Company entered into an agreement with Teck Resources Limited (‘Teck’) to jointly develop the Schaft Creek project in northwestern British

Columbia. The agreement replaces and supersedes the 2002 option agreement between Teck and Copper Fox in connection with Schaft Creek and gives Teck a 75% interest and Copper Fox a 25% interest in the Schaft Creek project with Teck as the operator.

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

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

For the nine months ended July 31, 2014 the Company capitalized $74,304 (2013 - $526,143) of management and technical services provided by its officers and directors.

At July 31, 2014, the Company has recorded $4,427,812 (October 31, 2013 – $4,427,812) for Mineral Exploration Tax Credit claims which have been recorded as a reduction of exploration and evaluation expenditures. This credit is paid in cash and is recorded as a current receivable on the Company's statement of financial position.

6. Acquisition

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

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

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

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

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

Copper Fox also holds Warrants issued pursuant to the transaction which entitle Copper Fox to acquire an additional 20,000,000 common shares of Carmax, which together with the above noted shares represent approximately 59% of the issued and outstanding common shares of

Carmax, calculated on a partially-diluted basis as of May 29, 2014, assuming the exercise of all Warrants issued pursuant to the Private Placement held by Copper Fox.

On July 9, 2014, Carmax closed a private placement of 4,660,000 shares. This transaction brought the total issued and outstanding shares of Carmax to 52,175,997 of which Copper Fox's percentage of shareholding is 38.33%. Accordingly, on July 9, 2014, Copper Fox announced its intention to exercise its pre-emptive right to maintain its pro rata percentage shareholding of 42.09%. Upon closing this pre-emptive right transaction, the total issued and outstanding shares of Carmax will be 55,562,075 of which Copper Fox will hold 23,386,078 (42.09%).

7. Investments

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

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

8. Decommissioning liabilities

The Company's decommissioning liabilities relate to 25% of reclamation and closures costs of the Schaft Creek Property. The total decommissioning liability is based on the Company's estimated costs to reclaim and abandon the property and facilities and the estimated timing of the costs to be incurred in future years. The Company has estimated 25% of the net present value of the decommissioning liabilities to be $208,724 at July 31, 2014 (October 31, 2013 - $167,175) based on an undiscounted and inflated future liability of $203,835 (October 31, 2013 - $199,122). These payments are expected to be made in the next 7.25 years.

The Company's estimated risk free rate of 2.21% (October 31, 2013 – 2.21%) and an inflation rate of 1.73% (October 31, 2013 – 1.27%) were used to calculate the present value of the decommissioning liabilities.

Also included in the decommissioning liabilities is the amount due by Carmax for its Eaglehead property.

Balance, October 31, 2012	$	696,165
JV Adjustment	$	(493,538)
Revisions		(46,411)
Accretion		10,959
Balance, October 31, 2013	$	167,175
Revisions		3,789
Accretion		2,998
Acquisition		34,762
Balance, July 31, 2014	$	208,724

9. **Share capital**

(a) Authorized

Authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, of which none have been issued. Issued and outstanding shares are as follows:

Balance, October 31, 2012	397,647,992	$	79,484,847
Non Flow through shares issued	5,122,934		4,153,000
Return of capital to shareholders	-		(11,130,351)
Value ascribed to warrants issued	-		(575,303)
Options exercised	1,969,118		811,250
Transfer from contributed surplus on option exercise			516,212
Balance, October 31, 2013	404,740,044	$	73,259,655
Options exercised	1,900,000		230,500
Transfer from contributed surplus on option exercise	-		233,939
Balance, July 31, 2014	406,640,044	$	73,724,094

(b) Warrants

Share Purchase Warrants	Number		Amount
Balance, October 31, 2012	14,952,602	$	4,771,977
Issued	5,122,934		575,303
Expired	(9,673,913)		(2,923,070)
Balance, October 31, 2013	10,401,623		2,424,210
Expired	(7,043,395)		(2,227,587)
Balance, July 31, 2014	3,358,228	$	196,623

As of July 31, 2014, the Company has warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Fair Value	Number of Warrants	Fair Value Amount
1.00	8-Apr-15	0.21	3,358,228	$ 196,623

(c) Stock option plan

The number of shares reserved for issuance under the Company's stock option plan is limited to 10% of the number of shares which are issued and outstanding on the date of a particular grant of options. Under the plan, the Board of Directors determines the term of a stock option to a maximum of 10 years, the period of time during which the options may vest and become exercisable as well as the option exercise price which shall not be less than the closing price of the Company's share on the Toronto Stock Exchange immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board of Directors as to the recipients of, and nature and size of, share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

A summary of changes in the Company's outstanding stock options is presented below:

Balance, October 31, 2012	10,785,000
Issued	635,000
Exercised	(1,969,118)
Expired	(1,040,882)
Balance, October 31, 2013	8,410,000
Exercised	(1,900,000)
Expired	(2,585,000)
Balance, July 31, 2014	3,925,000

Options outstanding are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
$0.15	Oct-09	Sep-14	2,250,000	2,250,000
$1.69	Mar-11	Mar-16	1,075,000	1,075,000
$1.04	May-12	Apr-17	600,000	600,000
			3,925,000	3,925,000

10. 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, 2014 was 404,963,880 (2013 – 399,718,652) 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.

11. Related party transactions

During the three and nine months ended July 31, 2014, directors and officers of the Company incurred Nil (2013 - $221,353) and $69,750 (2013 - $776,463) for management and technical services on behalf of the Company. At July 31, 2014 Nil (2013 – $32,588) is included in accounts payable.

12. **Commitments**

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

Period	2014	2015	2016	2017	2018	2019
Amount	$ 27,212	$ 108,847	$ 108,847	$ 110,196	$ 114,243	$ 85,682

The Company is required to pay US $520,000 under the Sombrero Butte acquisition agreement. The first payment of US $130,000 is due on October 15, 2014 and on each October 15 thereafter with the final payment being in 2017.

In the Schaft Creek joint arrangement, the Company is responsible for 25% of pre-production costs beyond $60 million and 25% of capital costs following a production decision. Copper Fox's pro rata share of any pre-production costs in excess of $60 million will be funded by Teck and the two remaining direct cash payments payable to Copper Fox (based on certain milestones being achieved) will be reduced by an equivalent amount, and Teck will fund any additional costs incurred prior to a production decision, if required, by way of loan to Copper Fox to the extent of its pro rata share, without dilution to Copper Fox's 25% joint venture interest.

13. **Financial instruments**

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

Determination of fair value

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

The carrying amounts for cash, cash equivalents, trade and other receivables, trade and other payables and shareholder loan on the balance sheet approximate their fair value because of the limited term of these instruments.

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

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

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- Credit risk
- Market risk
- Liquidity risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from partners and the tax office. The maximum exposure to credit risk at July 31, 2014 is $4,528,334 (October 31, 2013 - $4,473,194) comprising the BC mining exploration tax credit and GST receivable.

Market risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's return.

- Foreign currency exchange rate risk:
Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. In the year ended October 31, 2013 the Company began preliminary exploration activities in the United States. As such, the Company is exposed to any fluctuations in the United States dollar to Canadian dollar exchange rate.

- Interest rate risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has no financial instruments that could otherwise be exposed to interest rate risk.

- Commodity price risk:
Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by the relationship between the Canadian dollar and United States dollar and global economic events that dictate the levels of supply and demand.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities consist of accounts payable and accruals. Accounts payable consists of invoices payable to trade suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period. Accounts payable have contractual maturities of less than one year. The Company maintains and monitors a certain level of cash flow which is used to finance all operating and capital expenditures.

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

14. **Geographic segments**

Nine Months Ended	July 31, 2014	July 31, 2013
Net income/(loss)		
Canada	$ (1,423,623)	$ 1,991,640
United States	(526,385)	(97,453)
	(1,950,008)	1,894,187
Capital expenditures		
Canada	2,078,256	3,183,463
United States	3,964,365	2,279,533
	6,042,621	6,744,030
As at	July 31, 2014	October 31, 2014
Total assets		
Canada	71,633,616	74,918,316
United States	8,267,348	4,019,463
	$ 79,900,964	$ 78,937,779

15. **Subsequent Event**

Subsequent to the end of the quarter, Northern Fox exercised its top up rights pursuant to the Subscription Agreement and subscribed for an additional 3,386,078 Units at a price of $0.07. Each Unit consists of one common share and one common share purchase warrant. The share purchase warrant allows the holder to purchase an additional common share in the equity of Carmax at a price of $0.09 for a period of two years from the date of the closing the top up subscription.