



# COPPER FOX METALS INC.

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UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JANUARY 31, 2017

*(Expressed in Canadian Dollars)*

## **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 unaudited interim 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 (*Unaudited*)  
**As at January 31, 2017 and October 31, 2016**  
(*Expressed in Canadian Dollars*)

	January 31, 2017	October 31, 2016
<b>Assets</b>		
<i>Current Assets:</i>		
Cash	\$ 433,396	\$ 847,505
Loan and other receivables (Note 4)	177,916	201,101
Prepaid expenses	2,767	16,183
<b>Total Current Assets</b>	<b>614,079</b>	<b>1,064,789</b>
<i>Non-current Assets:</i>		
Deposits	250,476	250,813
Investments (Note 4 and Note 5)	137,825	137,825
Exploration & evaluation assets (Note 5)	78,518,614	78,746,679
Property and equipment (Note 6)	125,672	123,282
<b>Total Assets</b>	<b>\$ 79,646,666</b>	<b>\$ 80,323,388</b>
<b>Liabilities and Shareholders' Equity</b>		
<i>Current Liabilities:</i>		
Accounts payable and accrued liabilities	\$ 59,963	\$ 196,144
<b>Total Current Liabilities</b>	<b>59,963</b>	<b>196,144</b>
<i>Non-current Liabilities:</i>		
Decommissioning liabilities (Note 7)	218,999	209,784
Deferred tax liabilities (Note 11)	2,179,513	2,179,513
<b>Total Liabilities</b>	<b>2,458,475</b>	<b>2,585,441</b>
<i>Shareholders' Equity:</i>		
Share capital (Note 8)	75,884,886	75,884,886
Share purchase warrants (Note 8)	693,626	693,626
Accumulated other comprehensive income	2,012,050	2,354,794
Contributed surplus	15,823,771	15,823,771
Deficit	(19,016,627)	(18,821,540)
<b>Total Shareholder's Equity of Parent</b>	<b>75,397,706</b>	<b>75,935,537</b>
Non-controlling interest (Note 9)	1,790,484	1,802,410
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 79,646,666</b>	<b>\$ 80,323,388</b>
Reporting Entity and Nature of Operations (Note 1)		
Commitments (Note 11)		

Approved on behalf of the Board of Directors on March 30, 2017:

"J. Michael Smith"  
J. Michael Smith, Director

"Elmer B. Stewart"  
Elmer B. Stewart, Director

*See Accompanying Notes to the Audited Consolidated Financial Statements.*

**COPPER FOX METALS INC.**

Interim Consolidated Statements of Loss and Comprehensive Loss and Gain *(Unaudited)*

**Three Months Ended January 31, 2017 and January 31, 2016**

*(Expressed in Canadian Dollars)*

	Three Months Ended	
	January 31, 2017	January 31, 2016
<i>Expenses:</i>		
Administration	\$ 189,129	\$ 304,691
Depreciation, amortization and accretion	6,825	7,492
Professional fees	12,915	3,250
Interest income	(1,856)	(906)
<b>Net Loss</b>	<b>\$ 207,014</b>	<b>\$ 314,527</b>
<i>Other Comprehensive (Gain)/Loss:</i>		
Foreign currency translation (gain)/loss	342,744	(599,103)
<b>Comprehensive (Gain)/Loss</b>	<b>\$ 549,757</b>	<b>\$ (284,576)</b>
<i>Net Loss Attributable to:</i>		
Common shareholders	\$ 195,087	\$ 286,055
Non-controlling interest (Note 9)	11,926	28,472
<b>Attributable Net Loss</b>	<b>\$ 207,014</b>	<b>\$ 314,527</b>
<i>Total Comprehensive (Gain)/Loss Attributable to:</i>		
Common shareholders	\$ 537,831	\$ (313,048)
Non-controlling interest (Note 9)	11,926	28,472
<b>Attributable Comprehensive (Gain)/Loss</b>	<b>\$ 549,757</b>	<b>\$ (284,576)</b>
(Gain)/Loss Per Share - Basic and Diluted	\$ 0.00	\$ (0.00)
Weighted Average Number of Shares	427,813,994	408,574,412

*See Accompanying Notes to the Audited Consolidated Financial Statements.*

**COPPER FOX METALS INC.**  
Interim Consolidated Statements of Changes in Equity (*Unaudited*)  
**Three Months Ended January 31, 2017 and Year Ended October 31, 2016**  
(*Expressed in Canadian Dollars*)

	Share Capital	Share Purchase Warrants	AOCI	Contributed Surplus	Deficit	Total Shareholder's Equity of Parent	NCI
<i>Balance as at October 31, 2016:</i>	\$ 75,884,886	\$ 693,626	\$ 2,354,794	\$ 15,823,771	\$ (18,821,540)	<b>\$ 75,953,537</b>	\$ 1,802,410
Currency translation adjustment	-	-	(342,744)	-	-	<b>(342,744)</b>	-
Net loss for the period	-	-	-	-	(195,087)	<b>(195,087)</b>	(11,926)
<b>Balance as at January 31, 2017</b>	<b>\$ 75,884,886</b>	<b>\$ 693,626</b>	<b>\$ 2,012,050</b>	<b>\$ 15,823,771</b>	<b>\$ (19,016,627)</b>	<b>\$ 75,397,706</b>	<b>\$1,790,484</b>

	Share Capital	Share Purchase Warrants	AOCI	Contributed Surplus	Deficit	Total Shareholder's Equity of Parent	NCI
<i>Balance as at October 31, 2015:</i>	\$ 74,035,461	\$ 196,623	\$ 2,071,709	\$ 15,823,771	\$ (17,922,277)	<b>\$ 74,205,287</b>	\$ 1,977,887
Shares issued for cash	2,512,418	-	-	-	-	<b>2,512,418</b>	-
Share issuance costs	(165,990)	-	-	-	-	<b>(165,990)</b>	-
Granted warrants	(497,003)	497,003	-	-	-	-	-
Currency translation adjustment	-	-	275,585	-	-	<b>275,585</b>	-
Unrealized gain on AFS investment	-	-	7,500	-	-	<b>7,500</b>	-
Acquisition of NCI	-	-	-	-	49,925	<b>49,925</b>	(53,716)
Net loss for the year	-	-	-	-	(949,188)	<b>(949,188)</b>	(121,761)
<b>Balance as at October 31, 2016</b>	<b>\$ 75,884,886</b>	<b>\$ 693,626</b>	<b>\$ 2,354,794</b>	<b>\$ 15,823,771</b>	<b>\$ (18,821,540)</b>	<b>\$ 75,935,537</b>	<b>\$1,802,410</b>

*See Accompanying Notes to the Audited Consolidated Financial Statements.*

**COPPER FOX METALS INC.**

Interim Consolidated Statements of Cash Flows *(Unaudited)*  
**Three Months Ended January 31, 2017 and January 31, 2016**  
*(Expressed in Canadian Dollars)*

	Three Months Ended	
	January 31, 2017	January 31, 2016
<b><u>Cash Provided By/(Used in):</u></b>		
<i>Operations:</i>		
Net loss	\$ (207,014)	\$ (314,527)
<i>Items not affecting cash:</i>		
Depreciation, amortization and accretion	6,825	7,492
<i>Changes in non-cash working capital:</i>		
Accounts payable	(98,224)	(326,017)
Accounts receivable	19,368	79,293
Prepaid expenses	2,767	50,833
<b>Net Cash Used in Operating Activities</b>	<b>(276,278)</b>	<b>(502,926)</b>
<i>Investing:</i>		
Mineral property expenditures	(147,655)	(332,303)
<b>Net Cash Provided Used in Investing Activities</b>	<b>(147,655)</b>	<b>(332,303)</b>
<i>Financing:</i>		
Proceeds from issuance of shares, net	-	1,439,336
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>1,439,336</b>
(Increase)/Decrease in cash during the period	<b>(423,933)</b>	604,107
Translation effect of foreign currency	9,824	(1,573)
Cash, beginning of year	847,505	1,529,138
<b>Cash, End of Period</b>	<b>\$ 433,396</b>	<b>\$ 2,131,672</b>

*See Accompanying Notes to the Audited Consolidated Financial Statements.*

## **COPPER FOX METALS INC.**

*Notes to the Interim Consolidated Financial Statements (Unaudited)*

**Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)**

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### **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 copper mineral properties in Canada and the United States. 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 evaluation stage.

The Company maintains its head office at 340 – 12 Avenue SW, Suite 650, Calgary, Alberta. These interim unaudited consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries. Copper Fox’s subsidiaries include:

- 100% ownership of Northern Copper Fox Inc.
- 65.4% ownership of Carmax Mining Corp. (through Northern Copper Fox Inc.)
- 100% ownership of Desert Fox Minerals Co.
- 100% ownership of Desert Fox Sombrero Butte Co.
- 100% ownership of Desert Fox Van Dyke Co.

### **2. Basis of Presentation and Significant Accounting Policies**

#### **Statement of Compliance**

These interim unaudited 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 unaudited 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, 2016. These unaudited interim consolidated financial statements do not include all of the information required for reporting in the annual financial statements.

These interim unaudited consolidated financial statements were approved for issue by the Board of Directors on March 30, 2017.

### **3. Standards Issued but Not Yet Effective**

The IASB issued a number of new and revised accounting standards that are not yet effective. These standards include the following:

## **COPPER FOX METALS INC.**

*Notes to the Interim Consolidated Financial Statements (Unaudited)*

**Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)**

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### **IFRS 9 - Financial Instruments**

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently assessing the impact on the consolidated financial statements.

### **IFRS 15 - Revenue**

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The Company will not be early adopting IFRS 15. The Company is currently assessing the impact on the consolidated financial statements.

### **IFRS 16 - Leases**

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. The Company is currently assessing the impact on the consolidated financial statements along with timing of our adoption of IFRS 16.

These new and revised accounting standards have not yet been adopted, nor deemed applicable by management, as of January 31, 2017.

## **4. Investments**

Copper Fox holds 500,000 shares of the Bell Copper Corporation, trading symbol (“**BCU**”), which were acquired as consideration for the one year loan issued on March 19, 2015 loan of \$150,000. As at January 31, 2017, the Bell shares were trading at \$0.05 per share.

As compensation for extending the loan payable by an additional year in 2016, Copper Fox received 1,000,000 warrants from BCU, which have an exercise price of \$0.05 and expire on March 19, 2017.

Through Carmax, the Company holds 100,000 common shares in Alexandria Minerals Corporation, an incorporated public company, as at January 31, 2017 having a market value of \$6,000.



## COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)

Copper Fox directly owns 29,342 shares of Liard Copper Mines Ltd. (“**Liard**”), a private company incorporated in British Columbia, which represents approximately 1.55% of the issued and outstanding shares of Liard. These shares were originally recorded at a cost value of \$759,305 on acquisition.

During the year ended October 31, 2016, the Company determined that the Liard shares were impaired by \$652,480 and were subsequently written down to the FMV carrying cost of \$106,825.

Copper Fox indirectly owns an additional 21.35% of the Liard shares through its Schaft Creek Joint Venture (“**SCJV**”) with Teck Resources Limited (“**Teck**”).

Liard holds a 30% net proceeds interest in the Schaft Creek project.

The FMV of all the investments are as follows:

Investments	Fair Market Value October 31, 2016	Fair Market Value January 31, 2017
Alexandria Minerals Corp.	\$ 6,000	\$ 6,000
Bell Copper Corp.	25,000	25,000
Liard Copper Mines Ltd.	106,825	106,825
<b>Total</b>	<b>\$ 137,825</b>	<b>\$ 137,825</b>

## 5. Exploration and Evaluation Assets

	Balance October 31, 2016	Additions	Balance January 31, 2017
<b>Arizona Properties:</b>			
<u>Van Dyke Project:</u>			
Acquisition of property rights	\$ 2,585,093	\$ -	\$ 2,585,093
Technical analysis	5,623,355	16,152	5,639,507
Licenses and permits	56,029	-	56,029
Foreign exchange	1,751,549	(279,866)	1,471,683
<b>Total Van Dyke Project</b>	<b>10,016,026</b>	<b>(263,714)</b>	<b>9,752,312</b>
<u>Sombrero Butte Project:</u>			
Acquisition of property rights	\$ 847,819	\$ -	\$ 847,819
Technical analysis	669,438	9,103	678,541
Licenses and permits	64,466	-	64,466
Foreign exchange	338,013	(53,781)	284,232
<b>Total Sombrero Butte Project</b>	<b>1,919,736</b>	<b>(44,678)</b>	<b>1,875,058</b>
<u>Mineral Mountain Project:</u>			
Technical analysis	\$ 240,875	\$ 36,251	\$ 277,126
Foreign exchange	3,119	(7,653)	(4,534)
<b>Total Mineral Mountain Project</b>	<b>243,994</b>	<b>28,598</b>	<b>272,592</b>
<b>Total Arizona Properties</b>	<b>\$ 12,179,756</b>	<b>\$ (279,794)</b>	<b>\$ 11,899,962</b>
<b>British Columbia Properties:</b>			
<u>Schaft Creek:</u>			
Acquisition of property rights	\$ 3,053,755	\$ -	\$ 3,053,755

**COPPER FOX METALS INC.**
*Notes to the Interim Consolidated Financial Statements (Unaudited)*
**Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)**

Technical analysis	61,839,754	275	61,840,029
Licenses and permits	106,623	-	106,623
Sub-Total Schaft Creek	65,000,132	275	65,000,407
BC Mineral Exploration Tax Credit	(3,575,505)	-	(3,575,505)
<b>Total Schaft Creek</b>	<b>61,424,627</b>	<b>-</b>	<b>61,424,902</b>
<i>Eaglehead:</i>			
Technical analysis	5,236,278	51,454	5,287,732
Sub-Total Eaglehead	5,236,278	51,454	5,287,732
BC Mineral Exploration Tax Credit	(93,981)	-	(93,981)
<b>Total Eaglehead</b>	<b>5,142,297</b>	<b>51,454</b>	<b>5,193,751</b>
<b>Total British Columbia Properties</b>	<b>66,566,924</b>	<b>51,729</b>	<b>66,618,653</b>
<b>Total Mineral Properties</b>	<b>\$ 78,746,679</b>	<b>\$ (228,065)</b>	<b>\$ 78,518,615</b>

	Balance October 31, 2015	Additions	Balance October 31, 2016
<b>Arizona Properties:</b>			
<i>Van Dyke Project:</i>			
Acquisition of property rights	\$ 2,585,093	\$ -	\$ 2,585,093
Technical analysis	5,444,345	179,010	5,623,355
Licenses and permits	56,029	-	56,029
Foreign exchange	1,514,936	236,613	1,751,549
<b>Total Van Dyke Project</b>	<b>9,600,403</b>	<b>415,623</b>	<b>10,016,026</b>
<i>Sombrero Butte Project:</i>			
Acquisition of property rights	\$ 847,819	\$ -	\$ 847,819
Technical analysis	562,525	106,913	669,438
Licenses and permits	64,466	-	64,466
Foreign exchange	293,686	44,327	338,013
<b>Total Sombrero Butte Project</b>	<b>1,768,496</b>	<b>151,240</b>	<b>1,919,736</b>
<i>Mineral Mountain Project:</i>			
Technical analysis	\$ 48,853	\$ 192,022	\$ 240,875
Foreign exchange	-	3,119	3,119
<b>Total Mineral Mountain Project</b>	<b>48,853</b>	<b>195,141</b>	<b>243,994</b>
<b>Total Arizona Properties</b>	<b>\$ 11,417,752</b>	<b>\$ 762,004</b>	<b>\$ 12,179,756</b>
<b>British Columbia Properties:</b>			
<i>Schaft Creek:</i>			
Acquisition of property rights	\$ 3,053,755	\$ -	\$ 3,053,755
Technical analysis	61,816,854	22,900	61,839,754
Licenses and permits	106,623	-	106,623
Sub-Total Schaft Creek	64,977,232	22,900	65,000,132
BC Mineral Exploration Tax Credit	(3,571,178)	(4,327)	(3,575,505)

## COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)

<b>Total Schaft Creek</b>	<b>61,428,954</b>	<b>(4,327)</b>	<b>61,424,627</b>
<i>Eaglehead:</i>			
Technical analysis	3,773,157	1,463,121	5,236,278
Sub-Total Eaglehead	3,773,157	1,463,121	5,236,278
BC Mineral Exploration Tax Credit	29,838	(123,819)	(93,981)
<b>Total Eaglehead</b>	<b>3,802,995</b>	<b>1,339,302</b>	<b>5,142,297</b>
<b>Total British Columbia Properties</b>	<b>65,231,949</b>	<b>1,334,975</b>	<b>66,566,924</b>
<b>Total Mineral Properties</b>	<b>\$ 76,649,701</b>	<b>\$ 2,096,978</b>	<b>\$ 78,746,679</b>

### Schaft Creek Project

Copper Fox's primary asset is a 25% direct and indirect working interest in the Schaft Creek Joint Venture. The SCJV holds two main assets: i) the Schaft Creek copper-gold-molybdenum-silver project located in northwestern British Columbia and ii) an 85.41% equity interest in the Liard Copper Mines Ltd. Liard holds a 30% Net Proceeds Interest in the Schaft Creek project subject to certain terms and conditions. Royal Gold holds a 3.5% net profits interest in certain mineral claims.

Teck is the operator of the SCJV and is responsible for, in addition to other obligations, funding the first \$60 million in pre-production expenditures at Schaft Creek. As of January 31, 2017, Teck has funded approximately \$19 million towards the Schaft Creek project since mid-2013.

### Van Dyke Project

In 2012, Copper Fox acquired 100% of Bell Copper's interest in the Van Dyke copper project located in Miami, Arizona. Acquisition costs were CDN \$500,000 in cash to Bell Copper, CDN \$ 1,499,400 (US \$1,500,000) to the Vendors (owners of the Van Dyke project) and assumption of obligations in respect of the Van Dyke project, subject to certain amended terms and conditions. The Vendors retained a 2.5% Net Smelter Return ("NSR") production royalty from the Van Dyke deposit. As of January 31, 2017 Copper Fox has incurred US \$7,486,709 in expenditures, which includes the acquisition cost and the PEA.

### Sombrero Butte Project

In 2012, Copper Fox acquired the rights, provided all option payments are made when due, to 100% of the Sombrero Butte property located in the Bunker Hill Mining District, 44 miles northeast of Tucson, Arizona. Acquisition costs were CDN \$500,000 in cash and an assumption of Bell Copper's remaining option obligation on the property of CDN \$599,760 (US \$600,000). In 2016, Copper Fox re-negotiated the continuing obligation on the property to a CDN \$52,116 annual payment (US \$40,000). As at January 31, 2017 the option obligation outstanding is CDN \$260,580 (US \$200,000). On completion of these annual payments, Copper Fox will hold an undivided 100% interest in the Sombrero Butte property. As of January 31, 2017 Copper Fox has incurred US \$1,439,142 in expenditures, which includes the acquisition cost.

### Mineral Mountain Project

Mineral Mountain is located in the northeast trending Jemez structural trend that hosts the Globe-Miami, Resolution, Florence and Casa Grande copper deposits in Arizona and is 100% wholly owned by Copper Fox. The

## **COPPER FOX METALS INC.**

*Notes to the Interim Consolidated Financial Statements (Unaudited)*

**Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)**

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property is located between the Florence copper deposit and the Resolution copper deposit and is underlain by Precambrian age Pinal Schist, diabase and granite that has been intruded by Laramide age quartz monzonite and granodiorite. As of January 31, 2017 Copper Fox has incurred US \$209,210 in expenditures, predominantly on completing a regional geochemical assessment, locating lode claims and acquiring an Arizona exploration permit.

### **Eaglehead Project**

The Company holds a 65.4 % controlling interest in Carmax Mining Corp (a Canadian Reporting Issuer), which holds the Eaglehead copper-molybdenum-gold property located in the Liard Mining Division of northwestern British Columbia (Note 9).

A portion of the Eaglehead Property is subject to a 2.5% NSR of which 1.5% can be re-purchased by Carmax for \$2,000,000. A portion of the property covering 981 hectares is subject to a 2% NSR royalty payable to an arm's length third party, one-half (1%) of which may be purchased for \$1,000,000.

On April 12, 2016, Carmax was advised that its Eaglehead Property had been forfeited for failure to file work or pay cash in lieu of assessment work in order to maintain the claim in good standing. The circumstances giving rise to the forfeiture involved a filing made by Carmax in March 2015 to group all mineral claims to create one mineral claim. Before the amalgamation of the mineral claims there was more than adequate assessment work completed to maintain the claims in good standing.

Following April 12, 2016, intervening parties staked claims over the forfeited land. Carmax made application under Section 67 to the Mineral Tenure Act to the Chief Gold Commissioner for the Province of British Columbia to set aside the forfeiture which would, if granted, allow a further period of time for Carmax to amend the filings in order to maintain the consolidated claim in good standing.

On April 22, 2016, Carmax received the written decision of the Chief Gold Commissioner for the Province of British Columbia re-instating Carmax's mineral claim and providing Carmax an extension of time to comply with Section 29 of the Mineral Tenure Act (the "**Act**") to September 30, 2016.

On June 14, 2016 Carmax received notice that certain parties filed a Petition in the Supreme Court of British Columbia against the Chief Gold Commissioner requesting a judicial review of his decision to reinstate Carmax's mineral claim #1034634.

The judicial review was heard in the Supreme Court of British Columbia on January 24, 2017. Although Carmax is not a party to the proceedings, until the decision of the Supreme Court is delivered, Carmax's title to claim #1034634 is in doubt.

## COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)

### 6. Property and Equipment

Description	Cost	Accumulated Amortization	Net Book Value October 31, 2016	Net Book Value January 31, 2017
Asset retirement	\$ 146,238	\$ 94,190	\$ 46,571	\$ 52,048
Buildings	137,250	88,495	50,006	48,755
Computer equipment	82,544	73,283	10,012	9,261
Furniture & equipment	46,887	40,572	6,647	6,315
Heavy equipment	173,332	164,039	10,047	9,293
<b>Total</b>	<b>\$ 586,251</b>	<b>\$ 460,579</b>	<b>\$ 123,282</b>	<b>\$ 125,672</b>

Description	Cost	Accumulated Amortization	Net Book Value October 31, 2015	Net Book Value October 31, 2016
Asset retirement	\$ 137,770	\$ 91,199	\$ 61,128	\$ 46,571
Buildings	137,250	87,244	55,561	50,006
Computer equipment	82,544	72,532	14,302	10,012
Furniture & equipment	46,887	40,240	8,309	6,647
Heavy equipment	173,332	163,285	14,354	10,047
<b>Total</b>	<b>\$ 577,783</b>	<b>\$ 454,501</b>	<b>\$ 153,654</b>	<b>\$ 123,282</b>

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.

### 7. Decommissioning Liabilities

The Company's decommissioning liabilities relate to the Company's share of reclamation and closure costs for the Schaft Creek and Eaglehead properties. The total decommissioning liability is based on the Company's estimated costs to reclaim the property and facilities along with the estimated timing costs to be incurred in future years.

The Company has estimated the net present value of its share of the decommissioning liabilities of Schaft Creek to be \$183,960 as at January 31, 2017 (October 31, 2016 - \$173,753) based on an undiscounted and inflated future liability of \$195,097 (October 31, 2016 - \$189,651).

The Company's estimated risk free rate of 1.71% (October 31, 2016 - 1.05%) and inflation rate of 1.60% (October 31, 2016 - 1.77%) were used to calculate the present value of the decommissioning liabilities.

The decommissioning provision for the Eaglehead exploration and evaluation asset was estimated by management based on the Company's ownership interest, the estimated timing of the risk adjusted costs to be incurred in future periods as at January 31, 2017.

The Company has estimated the net present value of this provision at January 31, 2017 to be \$36,054 (October 31, 2016 - \$36,031) based on a total undiscounted liability of \$36,500.

**COPPER FOX METALS INC.***Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)**

Description	Copper Fox	Carmax	Total
<i>Opening Balance, October 31, 2016:</i>	\$ 173,753	\$ 36,031	\$ 209,784
Accretion – Carmax	-	23	23
Accretion – Copper Fox	724	-	724
Revisions – Copper Fox	9,483	-	9,483
<b>Balance, January 31, 2017</b>	<b>\$ 183,960</b>	<b>\$ 36,054</b>	<b>\$ 218,999</b>

Description	Copper Fox	Carmax	Totals
<i>Opening Balance, October 31, 2015:</i>	\$ 173,302	\$ 35,467	\$ 208,769
Accretion – Carmax	-	564	564
Accretion – Copper Fox	3,420	-	3,420
Revisions – Copper Fox	(2,969)	-	(2,969)
<b>Balance, October 31, 2016</b>	<b>\$ 173,753</b>	<b>\$ 36,031</b>	<b>\$ 209,784</b>

**8. Share Capital****Authorized**

Authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, without par value, of which no preferred shares have been issued.

Issued and outstanding shares are as follows:

Common Shares	Number	Amount
<i>Opening Balance, October 31, 2016:</i>	427,813,495	\$ 75,884,886
<u>Additions:</u>		
There was no share activity in Q1 2017	-	-
<b>Balance, January 31, 2017</b>	<b>427,813,495</b>	<b>\$ 75,884,886</b>

Common Shares	Number	Amount
<i>Opening Balance, October 31, 2015:</i>	407,660,045	\$ 74,035,461
<u>Additions:</u>		
December 21 and 29, 2015 private placement	9,400,450	1,222,059
June 9 and 30, 2016 private placement	10,753,000	1,290,360
Warrants granted	-	(497,003)
Capitalized finders' fees	-	(105,620)
Capitalized legal fees	-	(60,371)
<b>Balance, October 31, 2016</b>	<b>427,813,495</b>	<b>\$ 75,884,886</b>

**COPPER FOX METALS INC.***Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)****Warrants**

As of January 31, 2017, the Company has the following warrants outstanding:

Share Purchase Warrants	Number of Warrants	Amount
<i>Opening Balance, October 31, 2016:</i>	10,753,000	\$ 693,626
There was no warrant activity in Q1 2017	-	-
<b>Balance, January 31, 2017</b>	<b>10,753,000</b>	<b>\$ 693,626</b>

Share Purchase Warrants	Number of Warrants	Amount
<i>Opening Balance, October 31, 2015:</i>	3,358,228	\$ 196,623
Expired	(3,358,228)	-
Granted	10,753,000	497,003
<b>Balance, October 31, 2016</b>	<b>10,753,000</b>	<b>\$ 693,626</b>

**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 (up to a maximum of 10 years), the vesting period of the options and the option exercise price, which shall not be less than the closing price of the Company's share on the TSX:V immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board of Directors as to the recipients, nature and size of the share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

As of January 31, 2017, the Company has options outstanding entitling the holders to acquire common shares as follows:

Stock Options	Weighted Avg. Exercise Price	Number of Options
<i>Opening Balance, October 31, 2016:</i>	\$ 1.04	550,000
There was no stock option activity in Q1 2017	-	-
<b>Balance, January 31, 2017</b>	<b>\$ 1.04</b>	<b>550,000</b>

Stock Options	Weighted Avg. Exercise Price	Number of Options
<i>Opening Balance, October 31, 2015:</i>	\$ 1.46	1,575,000
Cancelled	\$ 1.69	(1,025,000)
<b>Balance, October 31, 2016</b>	<b>\$ 1.04</b>	<b>550,000</b>

**COPPER FOX METALS INC.***Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)**

Exercise Price	Issue Date	Expiry Date	Balance Exercisable	Balance Outstanding
\$1.04	April 24, 2012	April 24, 2017	550,000	550,000
<b>Total</b>			<b>550,000</b>	<b>550,000</b>

**9. Non-Controlling Interest**

Copper Fox beneficially owns and controls 66,566,528 of the 101,742,525 issued and outstanding common shares of Carmax, representing a 65.4% ownership of Carmax.

The non-controlling interest ("NCI") is as follows:

	NCI Percentage
Carmax Mining Corp.	34.6%

The following is summarized financial information for Carmax:

	Carmax Financials as at January 31, 2017
Net Loss	34,469
<b>Total Loss Attributable To Non-Controlling Interest</b>	<b>\$ 11,926</b>
Comprehensive Loss	34,469
<b>Total Comprehensive Loss Attributable To Non-Controlling Interest</b>	<b>\$ 11,926</b>
Current assets	29,618
Non-current assets	10,761,036
Current liabilities	(97,506)
Non-current liabilities	(137,054)
Consolidation fair value adjustments	(5,381,285)
Net Assets	5,174,809
<b>Net Assets Attributable To Non-Controlling Interest</b>	<b>\$ 1,790,484</b>
Cash flows used in operating activities	(19,923)
Cash flows used in investing activities	(85,874)
Cash flows from financing activities	-
<b>Net Decrease In Cash</b>	<b>\$ (105,797)</b>



## COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)

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### 10. Related Party Transactions

#### Copper Fox

During the three months ended January 31, 2017, Copper Fox legal fees of \$11,713 (January 31, 2016 – \$75,866) were paid to Farris, Vaughan, Wills & Murphy LLP (“Farris”). As at January 31, 2017, included in accounts payable to Farris was \$3,371 (October 31, 2016 - \$Nil). One of the principle partners at Farris sits on Copper Fox’s Board of Directors.

#### Carmax

For the three months ended January 31, 2017, \$2,500 (January 31, 2016 - \$3,750) was paid in rent to a company controlled by an officer of Carmax.

#### Key Management Compensation

The remuneration of the CEO, CFO, directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company, including Carmax are as follows:

Description	January 31, 2016	January 31, 2017
Salaries and consulting fees	\$ 119,312	\$ 118,375
<b>Total</b>	<b>\$ 119,312</b>	<b>\$ 118,375</b>

### 11. Commitments

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

Year Ended	2017	2018	2019
Amount	\$ 84,023	\$ 116,078	\$ 87,058

The Company is also committed to pay the balance outstanding of five yearly option payments totalling US \$200,000 (CDN \$260,580) under the Sombrero Butte acquisition agreement. The next payment of US \$40,000 (CDN \$52,116) is due on October 15, 2017.

In the SCJV agreement, the Company is responsible for 25% of pre-production costs beyond the initial \$60 million of costs to be incurred by Teck 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 by using the two remaining direct cash payments, totaling \$40 million, payable to Copper Fox. These payments are based on certain project milestones being achieved and the costs incurred by the Company will offset the amounts remaining from Teck. If pre-production expenditures on the Schaft Creek project exceed \$240 million, the two cash payments payable to Copper Fox would be reduced to zero and Teck would 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.

## **COPPER FOX METALS INC.**

*Notes to the Interim Consolidated Financial Statements (Unaudited)*

**Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)**

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### **12. Financial Instruments**

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

#### **Determination of Fair Value**

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 Corporation as well as their common share ownership in Bell Resources 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. The Company's direct investment in Liard, for all years carried at fair market value is a Level 2 instrument; 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 activities expose it to a variety of financial risks, which arise as a result of its exploration, development, production and financing activities. These include:

- 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 tax authorities. The maximum exposure to credit risk at January 31, 2017 is \$177,916 (October 31, 2016 - \$201,101).

#### **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 its 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. During the three months ended January 31, 2017 the Company was involved

## **COPPER FOX METALS INC.**

*Notes to the Interim Consolidated Financial Statements (Unaudited)*

**Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)**

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with preliminary exploration activities in the United States. As such, the Company is exposed to fluctuations in the United States dollar exchange rates compared to Canadian dollar exchange rates. A 5% strengthening (or weakening) of the US dollar would have minimal impact on the total assets and loss of the Company.

### *Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As of January 31, 2017, the Company is exposed only on its cash balance.

### *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 as well as the global economic events that dictate 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 of approximately 30 days. 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.

Due to its US activities, the Company has an exposure to foreign currency exchange rates. The carrying values of US dollar denominated monetary assets and liabilities are subject to foreign exchange risk.

As at January 31, 2017, the Company had \$17,843 in US denominated cash balances.

### **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.

**COPPER FOX METALS INC.***Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2017 and January 31, 2016 (Expressed in Canadian Dollars)****13. Geographic Segments**

	Three Months Ended	
	January 31, 2017	January 31, 2016
<u>Net Loss :</u>		
Canada	\$ 197,079	\$ 298,917
United States	9,935	15,610
<b>Total</b>	<b>\$ 207,014</b>	<b>\$ 314,527</b>
<u>Capital Expenditures:</u>		
Canada	\$ 51,729	\$ 68,638
United States	61,506	263,665
<b>Total</b>	<b>\$ 113,235</b>	<b>\$ 332,303</b>

	January 31, 2017	October 31, 2016
<u>Total Assets:</u>		
Canada	\$ 67,536,083	\$ 67,913,705
United States	12,110,583	12,409,683
<b>Total</b>	<b>\$ 79,646,666</b>	<b>\$ 80,323,388</b>