Audited Consolidated Financial Statements of:

COPPER FOX METALS INC.

For the Year Ended

October 31, 2016

(Expressed in Canadian Dollars)

Independent auditors' report

To the Shareholders of
Copper Fox Metals Inc.

We have audited the accompanying consolidated financial statements of **Copper Fox Metals Inc.**, which comprise the consolidated statement of financial position as at October 31, 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Copper Fox Metals Inc.** as at October 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 of the consolidated financial statements, which indicates that working capital held as at October 31, 2016 is insufficient to fund the Company's day-to-day operations and planned expenditures for at least the next twelve months. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Other matter

The consolidated financial statements of **Copper Fox Metals Inc.** for the year ended October 31, 2015 were audited by another auditor, who expressed an unmodified opinion on those consolidated statements on February 25, 2016.

Ernst & Young LLP

Chartered Professional Accountants

Vancouver, Canada
February 23, 2017

COPPER FOX METALS INC.

Consolidated Statements of Financial Position

As at October 31, 2016 and October 31, 2015

(Expressed in Canadian Dollars)

	October 31, 2016	October 31, 2015
Assets		
Current assets:		
Cash	**$ 847,505**	$ 1,529,138
Loan and other receivables (Note 4)	**201,101**	233,762
Prepaid expenses	**16,183**	138,399
Total Current Assets	**1,064,789**	1,901,299
Non-current assets:		
Deposits	**250,813**	135,000
Investments (Note 4 and Note 5)	**137,825**	761,805
Exploration & evaluation assets (Note 5)	**78,746,679**	76,649,701
Property and equipment (Note 6)	**123,282**	153,654
Total Assets	**$ 80,323,388**	$ 79,601,459
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 196,144**	$ 433,791
Total Current Liabilities	**196,144**	433,791
Non-current liabilities:		
Decommissioning liabilities (Note 7)	**209,784**	208,769
Deferred tax liabilities (Note 11)	**2,179,513**	2,775,725
Total Liabilities	**2,585,441**	3,418,285
Shareholders' equity:		
Share capital (Note 8)	**75,884,886**	74,035,461
Share purchase warrants (Note 8)	**693,626**	196,623
Accumulated other comprehensive income	**2,354,794**	2,071,709
Contributed surplus	**15,823,771**	15,823,771
Deficit	**(18,821,540)**	(17,922,277)
Total Shareholder's Equity of Parent	**75,935,537**	74,205,287
Non-controlling interest (Note 9)	**1,802,410**	1,977,887
Total Liabilities and Shareholders' Equity	**$ 80,323,388**	$ 79,601,459

Reporting entity and nature of operations (Note 1)

Going concern (Note 2)

Commitments (Note 12)

Approved on behalf of the Board of Directors on February 23, 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.

Consolidated Statements of Loss and Comprehensive Loss

Years Ended October 31, 2016 and October 31, 2015

(Expressed in Canadian Dollars)

	October 31, 2016	October 31, 2015
Expenses:		
Administration	**$ 1,083,048**	$ 1,469,030
Depreciation, amortization and accretion	**31,387**	35,929
Impairment of investment (Note 4)	**652,480**	-
Professional fees	**288,922**	474,749
Share based compensation	**-**	53,006
Interest and other income	**(388,676)**	-
Loss Before Taxes	**$ 1,667,161**	$ 1,910,352
Deferred income tax recovery (Note 11)	**(596,212)**	(363,954)
Net Loss	**$ 1,070,949**	$ 1,546,398
Other Comprehensive (Income)/Loss:		
Foreign currency translation gain	**(275,586)**	(1,528,683)
Unrealized (gain)/loss on AFS investment	**(11,000)**	2,500
Comprehensive Loss	**$ 784,363**	$ 20,215
Net Loss Attributable to:		
Common shareholders	**$ 949,188**	$ 1,334,980
Non-controlling interest (Note 9)	**121,761**	211,418
Attributable Net Loss	**$ 1,070,949**	$ 1,546,398
Total Comprehensive Loss/(Gain) Attributable to:		
Common shareholders	**$ 674,813**	$ (193,703)
Non-controlling interest (Note 9)	**109,550**	213,918
Attributable Comprehensive Loss	**$ 784,363**	$ 20,215
Loss per share - basic and diluted	**$ 0.00**	$ 0.00
Weighted average number of shares	**419,326,720**	407,660,044

See Accompanying Notes to the Audited Consolidated Financial Statements.

COPPER FOX METALS INC.
Consolidated Statements of Changes in Equity
Years Ended October 31, 2016 and October 31, 2015
(Expressed in Canadian Dollars)

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

	Share Capital	Share Purchase Warrants	AOCI	Contributed Surplus	Deficit	Total Shareholder's Equity of Parent	NCI
Balance as at October 31, 2014:	$ 74,035,461	$ 196,623	$ 543,026	$ 15,823,771	$ (17,028,781)	**$ 73,570,100**	$ 2,592,674
Currency translation reserve	-	-	1,528,683	-	-	**1,528,683**	-
Unrealized loss on AFS investment	-	-	-	-	-	**-**	(2,500)
Acquisition of NCI	-	-	-	-	441,484	**441,484**	(400,869)
Net loss for the year	-	-	-	-	(1,334,980)	**(1,334,980)**	(211,418)
Balance as at October 31, 2015	**$ 74,035,461**	**$ 196,623**	**$ 2,071,709**	**$ 15,823,771**	**$ (17,922,277)**	**$ 74,205,287**	**$ 1,977,887**

See Accompanying Notes to the Audited Consolidated Financial Statements.

COPPER FOX METALS INC.

Consolidated Statements of Cash Flows

Year Ended October 31, 2016 and October 31, 2015

(Expressed in Canadian Dollars)

	Year Ended	
	October 31, 2016	October 31, 2015
Cash Provided By/(Used in):		
Operations:		
Net loss	**$ (1,070,949)**	$ (1,546,398)
Items not affecting cash:		
Deferred income tax recovery	**(596,212)**	(363,954)
Depreciation, amortization and accretion	**31,387**	35,929
Impairment of investment	**652,480**	-
Share-based compensation	**-**	53,006
Changes in non-cash working capital:		
Accounts payable	**(105,584)**	1,692
Accounts receivable	**75,717**	(138,127)
Prepaid expenses	**51,946**	19,923
Net Cash Used in Operating Activities	**(961,215)**	(1,937,929)
Investing:		
BC Mineral Exploration Tax Credit	**128,146**	3,807,680
Investment	**(17,500)**	-
Mineral property expenditures	**(2,110,351)**	(2,088,127)
Reclamation deposit	**(45,000)**	-
Net Cash Provided By/(Used) in Investing Activities	**(2,044,705)**	1,719,553
Financing:		
Proceeds from issuance of shares, net	**2,338,290**	103,443
Net Cash Provided by Financing Activities	**2,338,290**	103,443
Decrease in cash during the year	**(667,630)**	(114,933)
Translation effect of foreign currency	**(14,003)**	(10,450)
Cash, beginning of year	**1,529,138**	1,654,521
Cash, End of Year	**$ 847,505**	$ 1,529,138

See Accompanying Notes to the Audited 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 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 consolidated audited 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 Mineral Mountains 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 consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards (**"IFRS"**).

Certain comparative balances have been re-classified to conform to the current year presentation.

These consolidated financial statements were approved for issue by the Board of Directors on February 23, 2017.

Basis of Measurement

These audited consolidated financial statements have been prepared using historical cost basis, except for financial instruments measured at fair value.

Going Concern

The recoverability of amounts shown for resource properties and related exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

During the year ended October 31, 2016, the Company incurred a net loss of $1,070,949 (October 31, 2015 - $1,546,398), the Company's cash was $847,505 (October 31, 2015 - $1,529,138) and its working capital was $868,645 (October 31, 2015 - $1,467,508). The Company is currently developing its US properties and Eaglehead. To date, none of the Company's projects have achieved profitability and they have experienced operating losses and significant negative cash flows. The Company has concluded that the working capital as held at October 31, 2016 is insufficient to fund its day to day operations and planned expenditures for at least the next twelve months. Unless additional funds are raised, the Company will have insufficient funds to realize its assets and discharge its liabilities in the normal course of business.

The conditions described above indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company plans to address this uncertainty by raising additional funds in the capital markets in fiscal year 2017. Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital. These financial statements do not contain any adjustments to the amounts that may be required should the Company be unable to continue as a going concern. Such adjustments could be material.

Functional Currency and Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate and is normally the currency in which the entity primarily generates and expends cash. The functional and reporting currency of Copper Fox is the Canadian Dollar. Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in earnings.

Financial statements of the foreign subsidiaries included in the consolidated financial statements where the functional currency is other than the Canadian dollar are translated using their functional currency which is the respective local currency. For balance sheet items, the translation is performed using the current rate method, in which all amounts are translated to the reporting currency using the rates of exchange prevailing on the balance sheet date. For income statement items, the translation is performed using the average rate method, in which all amounts are translated to the reporting currency using the annual average rates of exchange during the fiscal year. Net exchange gains or losses resulting from the translation of foreign financial statements are recognized in comprehensive income or loss.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements, along with reported amounts of income and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis by management. Revisions are recognized in the period in which the estimates are revised and in any future periods so affected.

(i) Significant Judgements in Applying Accounting Policies

Critical judgements required in applying the Company's accounting policies that would have the most significant impact on the Company's financial statements include: determination of control and significant influence, determination of functional currency, accounting for acquisitions, capitalization of exploration and evaluation costs, determination of economic viability of a project, recognition of deferred taxes and evaluation of contingencies.

a) Mineral Property and Exploration and Evaluation Assets

The measurement and impairment of mineral properties are based on various judgments, including 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.

b) Mineral Property Interests

Even though the Company has taken all available steps to verify title to the mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers unknown to the Company, which could affect title.

(ii) Key Sources of Estimation Uncertainty

Significant accounts that require estimates as the basis for determining the stated amounts included, but are not limited to, accounting for share-based payment, exploration credits, provision for income taxes, anticipated costs of asset retirement obligations and the valuation of deferred income tax assets, mineral property interests and exploration and evaluation expenditures.

a) 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 tax assets, as well as the expected future tax rates that will be 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.

b) Exploration Credits

Tax credits related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits.

The calculation of the Company's credits involves estimation and judgment of certain items whose tax treatment cannot be conclusively determined until notice of assessment and subsequent payments have been received from the relevant taxation authority.

Differences arising between the final assessment and the original assumptions made could necessitate adjustments to the mining tax credit and the corresponding future income tax expense.

The amounts recognized in the Company's financial statements are a result management's best estimation and judgment, as described above. However, the ongoing review by the taxation authority and the inherent uncertainty regarding the outcome of these reviews may result in a difference between the final decision by the taxation authority and the original accounting estimates made by the Company, which could impact on the Company's financial position and its cash flows.

c) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the period when the new information became available.

Basis of Consolidation

The financial statements of the Company's 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 interests 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 interests' 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"**), of which the Company owns 65.4% of the common outstanding shares. These consolidated financial statements include 100% of the assets and liabilities related to Carmax and include a non-controlling interest representing 34.6% of Carmax's assets and liabilities not owned by the Company. Accounting policies are applied consistently throughout all consolidated entities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or fully redeemable without penalty when acquired.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, loan and other receivables, investments, trade and other payables and investments in shares. The fair values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity of these instruments.

The Company classifies financial assets and liabilities as fair value through profit and loss, available for sale ("**AFS**"), held to maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition.

Financial assets and liabilities classified as fair-value-through-profit-and-loss are measured at fair value, with gains and losses recognized in operations. Financial assets classified as held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized in other comprehensive income ("**OCI**") or loss until realized, or if impaired, the unrealized gain or loss is then recorded in earnings through accumulated other comprehensive income ("**AOCI**").

Investments

Investments in companies that have a reliably determinable value are measured at their fair market value ("**FMV**"). Companies that are not readily determinable are valued at their carrying cost.

Exploration and Evaluation Assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and recorded as mineral properties. Exploration expenditure relates to the initial search for deposits with economic potential.

The recovery of the carrying amount of exploration and evaluation assets is dependent upon the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values.

Mining tax credits are recorded in the financial statements when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining tax credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration and evaluation assets.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. Any premium, being the excess of the proceeds over the market value of the common shares, is recorded as a liability. At the later of the renouncing and the incurrence of the expenditure, the Company de-recognizes the liability, and the premium amount is recognized as income in the statement of loss. The Company may be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

With reference to Copper Fox's Shaft Creek agreement with Teck, The Company does not record any expenditure made by Teck on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from Teck is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Company as a gain on disposal.

Decommissioning Liabilities and Reclamation Costs

The Company recognizes and records the fair value of the liability for a future retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related asset using the present value of the estimated future cash outflows. The liability is subsequently adjusted for the passage of time. When in production the asset will be amortized accordingly. The liability is also adjusted for the changes to the current market based discount rate, or the amount or timing of the underlying cash flows needed to settle the obligation.

The operations of the Company may be affected from time to time by changes in environmental regulations, including those for future rehabilitation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company may vary from region to region and are not entirely predictable. The Company's policy is to meet standards set by relevant legislation and by the application of technically proven and economically feasible measures. Expenditures relating to ongoing environmental and reclamation programs are recorded to earnings as incurred or capitalized and amortized, depending upon their future economic benefits.

Property and Equipment

Property and equipment is 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 is calculated using the declining balance method, 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

Impairment of Long-Lived Assets

At each reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

The recoverable amount is the higher of the assets' fair value less cost to sell or value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in earnings for that period. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the net present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and can only take into account approved future development costs. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of commodity prices and expected production volumes. The latter takes into account assessments of mineral resources and includes expectations about proved and unproved volumes, which are risk-weighted utilizing geological, production, recovery and economic projections.

Contingent Liabilities

The Company has the potential to be involved in various claims, assessments, investigations and legal proceedings that arise from time to time in the ordinary course of its business, including matters involving tax and other issues. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur and a reasonable estimate of the loss can be made, an estimated liability would be accrued. The Company would accrue a liability when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company reviews these accruals quarterly and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. Currently the Company does not have any accrued contingent liabilities.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in earnings, except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income or loss.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Additionally, deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Payments

The Company applies the fair value method to share-based payments for all options granted. The fair value is measured at the grant date and each vesting tranche is recognized as a separate award. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds, together with the related contributed surplus amounts which are credited to share capital through contributed surplus.

Earnings per Share

Basic earnings per share are calculated by dividing net earnings or losses available to the shareholders by the weighted average number of common shares outstanding for the year. Diluted earnings per share are calculated to reflect the dilutive effect of exercising outstanding stock options and warrants by application of the treasury stock method. Outstanding stock options and share purchase warrants that would potentially dilute basic earnings per share have not been included in the computation of diluted earnings per share because to do so would be anti-dilutive.

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Cash, Trade and Other Receivables, Trade and Other Payables and Investments:

The fair value of cash, trade and other receivables and trade and other payables and investments is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At October 31, 2016 and October 31, 2015, the fair value of these balances approximated their carrying value due to their short term to maturity.

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:

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.

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

These new and revised accounting standards have not yet been adopted, nor deemed applicable by management, as of October 31, 2016.

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 October 31, 2016, 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 October 31, 2016 having a market value of $6,000.

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, 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.

Investments are as follow:

Investments	Fair Market Value October 31, 2015	Fair Market Value October 31, 2016
Alexandria Minerals Corp.	$ -	**$ 25,000**
Bell Copper Corp.	2,500	**6,000**
Liard Copper Mines Ltd.	759,305	**106,825**
Total	**$ 761,805**	**$ 137,825**

5. Exploration and Evaluation Assets

	Balance October 31, 2015	Additions	Balance October 31, 2016
Arizona Properties:			
Van Dyke Project:			
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

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

Total Van Dyke Project	**9,600,403**	**415,623**	**10,016,026**
Sombrero Butte Project:			
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
Total Sombrero Butte Project	**1,768,496**	**151,240**	**1,919,736**
Mineral Mountain Project:			
Technical analysis	$ 48,853	$ 192,022	$ 240,875
Foreign exchange	-	3,119	3,119
Total Mineral Mountain Project	**48,853**	**195,141**	**243,994**
Total Arizona Properties	**$ 11,417,752**	**$ 762,004**	**$ 12,179,756**
British Columbia Properties:			
Schaft Creek:			
Acquisition of property rights	$ 3,053,755	$ -	$ 3,053,755
Technical analysis	61,839,754	-	61,839,754
Licenses and permits	106,623	-	106,623
Sub-Total Schaft Creek	65,000,132	-	65,000,132
BC Mineral Exploration Tax Credit	(3,571,178)	(4,327)	(3,575,505)
Total Schaft Creek	**61,428,954**	**(4,327)**	**61,424,627**
Eaglehead:			
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)
Total Eaglehead	**3,802,995**	**1,339,302**	**5,142,297**
Total British Columbia Properties	**65,231,949**	**1,334,975**	**66,566,924**
Total Mineral Properties	**$ 76,649,701**	**$ 2,096,978**	**$ 78,746,679**

	Balance October 31, 2014	Additions	Balance October 31, 2015
Arizona Properties:			
Van Dyke Project:			
Acquisition of property rights	$ 2,585,093	$ -	$ 2,585,093
Technical analysis	4,590,127	854,218	5,444,345
Licenses and permits	56,029	-	56,029
Foreign exchange	272,258	1,242,678	1,514,936
Total Van Dyke Project	**7,503,507**	**2,096,896**	**9,600,403**
Sombrero Butte Project:			
Acquisition of property rights	$ 847,819	$ -	$ 847,819
Technical analysis	167,304	395,221	562,525
Licenses and permits	64,466	-	64,466
Foreign exchange	86,712	206,974	293,686
Total Sombrero Butte Project	**1,166,301**	**602,195**	**1,768,496**
Mineral Mountain Project:			
Technical analysis	$ -	$ 48,853	$ 48,853

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

Total Mineral Mountain Project	**-**	**48,853**	**48,853**
Total Arizona Properties	**$ 8,669,808**	**$ 2,747,944**	**$ 11,417,752**
British Columbia Properties:			
Schaft Creek:			
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	(4,427,812)	856,634	(3,571,178)
Total Schaft Creek	**60,549,420**	**879,534**	**61,428,954**
Eaglehead:			
Technical analysis	3,005,454	767,703	3,773,157
Sub-Total Eaglehead	3,005,454	767,703	3,773,157
BC Mineral Exploration Tax Credit	-	29,838	29,838
Total Eaglehead	**3,005,454**	**797,541**	**3,802,995**
Total British Columbia Properties	**$ 63,554,874**	**$ 1,677,075**	**$ 65,231,949**
Total Mineral Properties	**$ 72,224,682**	**$ 4,425,019**	**$ 76,649,701**

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 still maintains a 3.5% net profits interest in certain mineral claims.

Teck is the operator of the SCJV and is responsible for funding the first $60 million in pre-production expenditures at Schaft Creek. As of October 31, 2016, Teck has funded approximately $19 million towards the Schaft Creek project since mid-2013.

Van Dyke Project

In 2012, Copper Fox acquired 100% of 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.

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 $53,612 annual payment (US $40,000). As at October 31, 2016 the option obligation outstanding is CDN $268,060 (US $200,000). On completion of these annual payments, Copper Fox will hold an undivided 100% interest in the Sombrero Butte property.

Mineral Mountain Project

Mineral Mountain is located in the northeast trending Jemez structural trend that hosts the Miami-Globe, Resolution, Florence and Casa Grande copper deposits in Arizona and is 100% wholly owned by Copper Fox. The 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, granodiorite and hornblende dacite dikes. As of October 31, 2016 Copper Fox has incurred $243,994 in expenditures, predominantly on completing a regional geochemical assessment, locating lode claims and acquiring an Arizona exploration permit.

Eaglehead Project

The Company also holds a 65.4 % controlling interest in Carmax (a Canadian Reporting Issuer), which holds the Eaglehead property located in northwestern British Columbia (Note 9).

Carmax entered into an agreement, effective October 31, 2005, with two former directors of Carmax Company to acquire a 100% interest in the Eaglehead Property, subject to a 2.5% NSR of which 1.5% can be re-purchased by Carmax for $2,000,000. The Eaglehead property is located near the Dease Lake area of north central British Columbia.

The Eaglehead property, as originally acquired, was consolidated into one legacy claim and an additional claim which included four mineral tenures acquired from Copper Fox for $11,011.

The four mineral tenures covering 981 hectares are 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.

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

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.

6. Property and Equipment

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

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 $173,753 as at October 31, 2016 (October 31, 2015 - $173,302) based on an undiscounted and inflated future liability of $189,651 (October 31, 2015 - $196,316).

The Company's estimated risk free rate of 1.05% (October 31, 2015 – 1.46%) and inflation rate of 1.77% (October 31, 2015 – 2.10%) 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 October 31, 2016.

The Company has estimated the net present value of this provision at October 31, 2016 to be $36,031 (October 31, 2015 - $35,467) based on a total undiscounted liability of $36,500.

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

Description	Copper Fox	Carmax	Total
Opening Balance, October 31, 2015:	$ 173,302	$ 35,467	**$ 208,769**
Accretion – Carmax	-	564	**564**
Accretion – Copper Fox	3,420	-	**3,420**
Revisions – Copper Fox	(2,969)	-	**(2,969)**
Balance, October 31, 2016	**$ 173,753**	**$ 36,031**	**$ 209,784**

Description	Copper Fox	Carmax	Totals
Opening Balance, October 31, 2014:	$ 179,877	$ 34,904	**$ 214,781**
Accretion – Carmax	-	563	**563**
Accretion – Copper Fox	3,324	-	**3,324**
Revisions – Copper Fox	(9,899)	-	**(9,899)**
Balance, October 31, 2015	**$ 173,302**	**$ 35,467**	**$ 208,769**

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
Opening Balance, October 31, 2015 and 2014:	407,660,045	**$ 74,035,461**
Additions:		
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)**
Balance, October 31, 2016	**427,813,495**	**$ 75,884,886**

On December 21, 2015, Copper Fox closed the first tranche of its non-brokered private placement (the **"Offering"**), raising gross proceeds of $500,000 from the issuance and sale of 2,941,176 flow-through common shares at a price of $0.17 per flow-through share.

On December 29, 2015, Copper Fox completed the second tranche of the Offering, raising gross proceeds of $1,000,000 in flow-through funds from the issuance and sale of 5,882,352 flow-through common shares at a price of $0.17 per flow-through share and $75,000 from the issuance and sale of 576,922 common shares at a price of $0.13 per common share.

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

The Company paid an aggregate finder's fee of $78,750 for the Offering to Secutor Capital Management Corp., representing 5% of the gross proceeds raised in the Offering.

As a result of flow-through financing, a flow-through premium liability of $352,941 was incurred by the Company. All required flow-through renunciation amounts have been spent by the Company as at October 31, 2016, which transferred the liability to other income.

On June 9, 2016, Copper Fox closed the first tranche of the private placement, raising gross proceeds of $150,000 from the issuance and sale of 1,250,000 Units at a price of $0.12 per Unit. Each Unit consists of one common share in the capital of the Company and one whole common share purchase warrant.

Each Warrant will entitle the holder to purchase one Common Share for an exercise price of $0.15 during the first 12 month period after June 9, 2016 and $0.17 during the second 12 month period. In the event that the 20-day volume weighted average price of the common shares listed on the TSX:V is above $0.30, the expiry date of the Warrants will be accelerated to a date that is 30 days after the first date such threshold is met. Using Black Scholes, these warrants were fair market valued at $57,721.

On June 30, 2016 Copper Fox closed the second tranche of the private, raising aggregate gross proceeds $1,290,360, which consisted of 9,503,000 total units at a price of $0.12 per Unit. Each Unit consisted of one common share in the capital of the Company and one whole common share purchase warrant.

Each Warrant entitles the holder to purchase one Common Share for an exercise price of $0.15 during the first 12 month period after the closing of the Offering and $0.17 during the second 12 month period. In the event that the 20-day volume weighted average price of the common shares listed on the TSX Venture Exchange is above $0.30, the expiry date of the Warrants will be accelerated to a date that is 30 days after the first date such threshold is met. Using Black Scholes, these warrants were fair market valued at $439,282.

The Company agreed to pay a finder's fee payable in cash to Altus Securities Inc. and PI Financial Corp. at closing equal to 5% of the gross proceeds raised in the Offering from subscriptions made by persons introduced to the Company by the Finders. Accordingly, the Company paid an aggregate finder's fee of $8,820 to the Finders upon closing.

Warrants

As of October 31, 2016, the Company has the following warrants outstanding:

Share Purchase Warrants	Number of Warrants	Amount
Opening Balance, October 31, 2014 and 2015:	3,358,228	$ **196,623**
Expired	(3,358,228)	**-**
Granted	10,753,000	**497,003**
Balance, October 31, 2016	**10,753,000**	**$ 693,626**

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

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 October 31, 2016, the Company has options outstanding entitling the holders to acquire common shares as follows:

Stock Options	Number of Options	Weighted Avg. Exercise Price
Opening Balance, October 31, 2015:	**1,575,000**	**$ 1.46**
Expired	(1,025,000)	$ 1.69
Balance, October 31, 2016	**550,000**	**$ 1.04**

Stock Options	Number of Options	Weighted Avg. Exercise Price
Opening Balance, October 31, 2014:	**1,650,000**	**$ 1.44**
Cancelled	(75,000)	$ 1.04
Balance, October 31, 2015	**1,575,000**	**$ 1.46**

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Exercisable
$1.04	April 24, 2012	April 24, 2017	550,000	**550,000**
Total			**550,000**	**550,000**

9. Non-Controlling Interest

On January 12, 2016, the Company, through Northern Fox, closed a $1,500,000 equity flow through private placement in Carmax. The private placement consisted of 30,000,000 shares at a cost of $0.05 per share.

Copper Fox now 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.

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

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 October 31, 2016
Net Loss		320,118
Total Loss Attributable To Non-Controlling Interest	**$**	**121,761**
Comprehensive Loss		316,618
Total Comprehensive Loss Attributable To Non-Controlling Interest	**$**	**109,550**
Current assets		160,712
Non-current assets		10,709,582
Current liabilities		(142,700)
Non-current liabilities		(137,031)
Consolidation fair value adjustments		(5,381,285)
Net Assets		5,209,278
Net Assets Attributable To Non-Controlling Interest	**$**	**1,802,410**
Cash flows used in operating activities		(320,373)
Cash flows used in investing activities		(1,553,587)
Cash flows from financing activities		1,491,862
Net Decrease In Cash	**$**	**(382,099)**

10. Related Party Transactions

Copper Fox

During the year Copper Fox paid to Farris, Vaughan, Wills & Murphy LLP ("**Farris**") legal fees of $146,277 (October 31, 2015 – $545,969). As at October 31, 2016, included in accounts payable to Farris was $Nil (October 31, 2015 - $29,003). One of the principle partners at Farris is also a member on the Board of Directors for Copper Fox.

Carmax

For the year ended October 31, 2016, $15,000 (October 31, 2015 - $11,900) was paid in rent to a company controlled by an officer of Carmax.

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

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	October 31, 2016	October 31, 2015
Salaries and consulting fees	**484,398**	589,819
Share-based compensation	**-**	38,260
Total	**$ 484,398**	$ 638,579

11. Income Taxes

Reconciliation of the Effective Tax Rate

	October 31, 2016	October 31, 2015
Loss before taxes	**$ (1,667,161)**	$ (1,910,352)
Tax rate	**26.00%**	26.00%
Expected Tax Recovery	**(433,462)**	**(496,692)**
Permanent differences	**5,764**	(3,521)
Flow-through share liability	**298,235**	9,000
Rate and other	**(219,099)**	(136,630)
Change in unrecognized deferred tax asset	**(247,650)**	263,889
Deferred Income Tax Recovery	**$ (596,212)**	**$ (363,954)**

Deferred Tax Assets and Liabilities

a) Unrecognized temporary differences have not been recognized with respect of the following items:

	October 31, 2016	October 31, 2015
Deductible temporary differences	**$ 1,270,849**	$ 679,415
Non-capital losses	**4,524,985**	1,516,006
Total	**$ 5,795,834**	**$ 2,195,421**

b) The Company has income tax loss carry-forwards of approximately $38.4 million (October 31, 2015 - $7.2 million). The Company has unrecognized income tax loss carry-forwards in Canada of $37.3 million (October 31, 2015 - $6.1 million) and in the US of $1.1 million (October 31, 2015 - $1.1 million). The non-capital losses expire in the years 2026-2036 in Canada and 2034-2036 in the US.

c) The Company has taxable temporary differences of $2.6 million (October 31, 2015 - $2.3 million) for re-valuation of loans that are not recognized, as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

d) The significant component of the Company's deferred tax assets and liabilities are as follows:

	October 31, 2016	October 31, 2015
Deferred Tax Liabilities:		
Non-capital losses	**$ 9,509,884**	$ 1,089,169
Other	**191,862**	266,723
Sub-Total	**9,701,746**	**1,355,892**
Property and equipment and exploration	**(11,174,048)**	(3,422,051)
Other	**(707,211)**	(709,566)
Sub-Total	**(11,881,259)**	**(4,131,617)**
Total Deferred Tax Liabilities	**$ (2,179,513)**	**$ (2,775,725)**

e) Movements in the temporary differences during the year are as follows:

	Property and Exploration	Other	NCL	Total
Balance, November 1, 2015	$ (3,422,051)	$ (442,843)	$1,089,169	**$ (2,775,725)**
Recognized in statement of comprehensive loss	(7,751,997)	(72,506)	8,420,715	**596,212**
Balance, October 31, 2016	**$(11,174,048)**	**$ (515,349)**	**$9,509,884**	**$ (2,179,513)**

12. Commitments

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

Year Ended	2017	2018	2019
Amount	$ 112,031	$ 116,078	$ 87,058

The Company is also committed to pay the balance outstanding of five yearly option payments totalling US $200,000 (CDN $260,820) under the Sombrero Butte acquisition agreement. The next payment of US $40,000 (CDN $52,164) 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.

13. 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 October 31, 2016 is $201,101 (October 31, 2015 - $233,762).

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 year ended October 31, 2016 the Company was involved 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 October 31, 2016, 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 October 31, 2016, 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.

Years Ended October 31, 2016 and 2015 (Expressed in Canadian Dollars)

14. Geographic Segments

	Year Ended	
	October 31, 2016	October 31, 2015
Net Loss :		
Canada	**$ 1,007,555**	$ 1,271,569
United States	**63,393**	274,829
Total	**$ 1,070,949**	$ 1,546,398

	October 31, 2016	October 31, 2015
Total Assets:		
Canada	**$ 67,913,705**	$ 68,058,237
United States	**12,409,683**	11,543,222
Total	**$ 80,323,388**	$ 79,601,459