
Unaudited Financial Statements of

COPPER FOX METALS INC.

Three and six months ended April 30, 2010 and 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, 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 financial statements of Copper Fox Metals Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor have read and commented but has not performed a review of these interim 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 auditor.

Signed: Elmer Stewart

Elmer Stewart
President and CEO

Signed: Murray Hunter

Murray Hunter
Chief Financial Officer

COPPER FOX METALS INC.

Balance sheets

As at April 30, 2010 and October 31, 2009

(unaudited)

	30-Apr-10	31-Oct-09
Assets		
Current assets:		
Cash and cash equivalents	\$ 469,982	\$ 2,638,927
Accounts receivable	145,654	62,933
Prepaid expenses and deposits	1,251,561	349,603
	1,867,197	3,051,463
Mineral properties (Note 5)	13,146,586	9,855,549
Property and equipment (Note 4)	601,104	648,751
	\$ 15,614,887	\$ 13,555,763
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 710,805	\$ 507,122
Asset retirement obligations (Note 9)	359,099	345,055
Shareholders' equity:		
Share capital (Note 6)	40,412,942	37,182,648
Share purchase warrants (Note 6)	2,459,423	3,216,446
Contributed surplus (Note 6)	8,426,697	8,302,682
Deficit	(36,754,079)	(35,998,190)
	14,544,982	12,703,586
	\$ 15,614,887	\$ 13,555,763
Going concern (Note 2)		
Commitments (Note 10)		

See accompanying notes to financial statements.

On behalf of the Board:

(Signed)

Elmer Stewart, Director

(Signed)

J. Michael Smith, Director

COPPER FOX METALS INC.

Statements of loss and comprehensive loss and deficit
Three and six months ended April 30, 2010 and 2009
(unaudited)

	Three Months Ended		Six Months Ended	
	April 30, 2010	April 30, 2009	April 30, 2010	April 30, 2009
Expenses:				
Administration	\$ 165,446	\$ 215,415	\$ 301,470	\$ 372,521
Amortization and accretion	33,967	39,647	68,294	81,475
Mineral property write down (Note 5)	-	-	-	31,000,000
Professional Fees	58,316	150,003	162,909	222,685
Processing fees	17,630	14,074	35,766	19,287
Rent	6,872	5,007	14,431	17,781
Stock Based Compensation	4,983	-	124,015	(5,291)
Travel	21,853	7,625	49,234	26,688
Interest Income	-	(8)	(230)	(378)
Net loss and comprehensive loss before future taxes	309,067	431,763	755,889	31,734,768
Future income tax reduction	-	-	-	(2,167,646)
Net loss and comprehensive loss	309,067	431,763	755,889	29,567,122
Deficit, beginning of period	36,445,012	36,608,945	35,998,190	7,473,586
Deficit, end of period	\$ 36,754,079	\$ 37,040,708	\$ 36,754,079	\$ 37,040,708
Loss per share – basic and diluted (Note 7)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.26)

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of cash flows

Three and six months ended April 30, 2010 and 2009

(unaudited)

	Three Months Ended		Six Months Ended	
	April 30, 2010	April 30, 2009	April 30, 2010	April 30, 2009
Cash provided by (used in):				
Operations:				
Net loss for the period	\$ (309,067)	\$ (431,763)	\$ (755,889)	\$ (29,567,122)
Items not involving cash:				
Amortization and accretion	33,967	39,648	68,294	81,476
Property write down	-	-	-	31,000,000
Stock-based compensation	4,983	-	124,015	(5,291)
Future income tax reduction	-	-	-	(2,167,646)
Change in non-cash working capital	234,473	215,224	(511,662)	718,148
	(35,644)	(176,891)	(1,075,242)	59,565
Financing:				
Issue of shares and warrants	2,265,996	-	2,473,271	-
Investing:				
Mineral property expenditures	(2,137,539)	(155,086)	(3,291,037)	(616,461)
Additions to property and equipment	(5,039)	-	(6,603)	-
Net change in non-cash working capital	(231,433)	100,629	(269,334)	(347,708)
	(2,374,011)	(54,457)	(3,566,974)	(964,169)
Increase/(decrease) in cash during period	(143,659)	(231,348)	(2,168,945)	(904,604)
Cash and cash equivalents, beginning of period	613,641	266,206	2,638,927	939,462
Cash and cash equivalents, end of period	\$ 469,982	\$ 34,858	\$ 469,982	\$ 34,858
Supplementary information:				
Interest received	\$ -	\$ 8	\$ 230	\$ 378

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Notes to Financial Statements

Three and six months ended April 30, 2010 and 2009

1. COMPANY OPERATIONS

Copper Fox Metals Inc. ("Copper Fox" or the "Company") is incorporated under the Business Corporations Act of Alberta and is engaged in the exploration for and development of porphyry copper mineral properties in Western Canada. Since inception, the efforts of the Company have been devoted to verifying the historical exploration information and completion of a feasibility study of the Schaft Creek copper-molybdenum-gold-silver porphyry deposit located in northwest British Columbia. To date, the Company has not earned any revenue from these operations and is considered to be in the exploration and development stage. The Company's mineral license is in the advanced exploration stage.

2. GOING CONCERN

These financial statements have been prepared by management in accordance with accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

At April 30, 2010, the Company had working capital of \$1,156,391 and a deficit of \$36,754,079 and had incurred a net loss of \$309,067 and \$755,889 for the three and six month periods ended April 30, 2010. Subsequent to April 30, 2010 the Company received additional working capital of \$441,597 through the exercise of warrants.

Copper Fox has been funding the work related to the completion of the feasibility study through the exercise of warrants issued to insiders and shareholders. There remains outstanding, a total of \$6.2 million in warrants, of which \$5.64 million are held by insiders of Copper Fox. Of these, a total of \$4.8 million warrants expire on July 13, 2010 and the balance, \$0.84 million, on October 21, 2010. The insiders have advised Copper Fox that they plan to continue the exercise of their warrants to fund the completion of the feasibility study scheduled for the end of 2010. All of the above warrants are "in the money" and it is expected that the warrants held by the insiders of Copper Fox should be exercised.

Additional financing will be necessary for the Company to complete the feasibility study of the Schaft Creek deposit. Although the insiders of Copper Fox have indicated that they plan to continue exercising their warrants to fund the completion of the feasibility study, there is no assurance that this initiative will be successful in the future.

These financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its asset in the normal course of business at the values at which

GOING CONCERN (continued)

they are carried in these financial statements, and that the Company will be able to continue its business activities. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption be determined to be inappropriate, and these adjustments could be material.

3. ACCOUNTING POLICIES

These interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the year ended October 31, 2009. The disclosures included below are incremental to those included with the annual financial statements.

These interim financial statements should be read in conjunction with the financial statements and notes thereto for the year ended October 31, 2009.

4. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and consist of the following:

	Cost	Accumulated Amortization	Net Book Value April 30, 2010	Net Book Value October 31, 2009
Buildings	\$ 549,000	\$ 147,583	\$ 401,417	\$ 422,544
Property & equipment	606,637	423,620	183,017	208,376
Leasehold improvements	1,197	867	330	367
Computer equipment	45,963	29,623	16,340	17,464
	\$ 1,202,797	\$ 601,693	\$ 601,104	\$ 648,751

5. MINERAL PROPERTIES

	Balance October 31, 2009	Expenditures	Balance April 30, 2010
Acquisition of property rights	\$ 100	\$ -	\$ 100
Technical analysis	40,474,700	3,291,037	43,765,737
Licenses and permits	106,623	-	106,623
Asset retirement costs	274,126	-	274,126
	40,855,549	3,291,037	44,146,586
Property write down (2009)	(31,000,000)	-	(31,000,000)
	\$ 9,855,549	\$ 3,291,037	\$ 13,146,586

MINERAL PROPERTIES (continued)

Copper Fox is a Canadian-based resource company listed on the TSX-Venture Exchange (CUU). Copper Fox's activities are focused exclusively on Schaft Creek, one of the largest undeveloped copper, gold, molybdenum and silver deposits in Canada.

Copper Fox holds a 100% interest in the Schaft Creek project, subject to 30% net proceeds interest royalty held by Liard Copper Mines Limited ("Liard") and Teck Resources Limited's ("Teck") earn-back option. Teck owns 78% of Liard which equates to a 23.4% indirect interest in the Schaft Creek Project (the "indirect interest"). Under the agreement, Copper Fox can also acquire Teck's Liard shareholding (indirect 23.4% interest in the Schaft Creek Project) by completing a Positive Feasibility Study [as defined in the Option Agreement] on the Schaft Creek deposit thereby increasing its direct and indirect ownership in the Schaft Creek Project to 93.4%. Teck may at any time elect to exercise its earn-back option and upon receipt of the Positive Bankable Feasibility Study on the Schaft Creek deposit, Teck must elect within 120 days to make election to: i) exercise its earn-back options, ii) retain a 1% net smelter return royalty, or iii) receive shares of Copper Fox to a value of \$1,000,000.

The earn-back options allow Teck the right to elect to acquire a 20%, a 40% or a 75% project interest from Copper Fox by respectively incurring either 100%, 300% or 400% of Copper Fox's expenditures on the Schaft Creek Project under the Option Agreement. In the event Teck elects to earn-back a 75% interest in the Schaft Creek Project, Teck will also be responsible for arranging Copper Fox's share of project financing.

For the three and six months ended April 30, 2010 the Company has capitalized \$92,250 (2009 - \$9,375) and \$188,250 (2009 - \$15,625) of management and technical services provided by its officers and directors (see Note 8).

6. SHAREHOLDERS' EQUITY

(a) Authorized:

Unlimited number of common shares.

Unlimited number of first and second preferred shares, of which none have been issued.

SHAREHOLDERS' EQUITY (continued)

(b) Issued and outstanding:

Common Shares	Number	Amount
Balance, October 31, 2008	112,501,585	\$ 35,003,704
Non Flow through shares issued	129,855,075	8,000,000
Value ascribed to warrants		(3,165,101)
Share issue costs		(298,647)
Future taxes on renounced expenditures		(2,357,308)
Balance, October 31, 2009	242,356,660	\$ 37,182,648
Warrants exercised	32,260,251	2,473,271
Value ascribed to warrants		757,023
Balance, April 30, 2010	274,616,911	\$ 40,412,942

(c) Share purchase warrants:

Share Purchase Warrants	Number	Fair Value
Balance, October 31, 2008	17,006,225	\$ 2,759,123
Issued	119,938,894	3,216,446
Expired	(17,006,225)	(2,759,123)
Balance, October 31, 2009	119,938,894	\$ 3,216,446
Exercised	(32,260,251)	(757,023)
Balance, April 30, 2010	87,678,643	\$ 2,459,423

As at April 30, 2010 warrants to purchase common shares are outstanding as follows:

Exercise Price	Expiry Date	Fair Value	Number of Warrants	Fair Value
0.075	16-Jun-10	0.02	1,791,934	\$ 41,230
0.075	13-Jul-10	0.02	75,342,166	1,680,851
0.115	21-Oct-10	0.07	10,544,543	737,342
			87,678,643	\$ 2,459,423

SHAREHOLDERS' EQUITY (continued)

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

	2009	2008
Dividend yield	0.00%	0.00%
Expected volatility	167 to 172%	99.17 to 99.79%
Risk-free interest rate	1.25 to 1.37%	2.63 to 2.74%
Expected life	1 year	1 year

(d) Contributed surplus:

Balance, October 31, 2008	\$ 4,920,997
Stock based compensation	622,562
Warrants expired	2,759,123
Balance, October 31, 2009	8,301,682
Stock based compensation	124,015
Balance, April 30, 2010	\$ 8,426,697

(e) Stock options:

There are 10,660,000 stock options outstanding at April 30, 2010 with weighted average price of \$0.3707 per share. Options expire five years from the grant date. The outstanding options expire between February 2011 and September 2014. There are 10,159,995 options vested at April 30, 2010 with weighted average price of \$0.3841 per share.

Options	Number Of Options
Balance, October 31, 2008	8,898,000
Issued	4,700,000
Expired	(2,113,000)
Balance, October 31, 2009	11,485,000
Issued	1,000,000
Expired	(1,825,000)
Balance, April 30, 2010	10,660,000

SHAREHOLDERS' EQUITY (continued)

The fair value of stock options vested during the period ended April 30, 2010 were from \$0.089 to \$0.114 per option, resulting in compensation expense of \$124,015 (2009 – (\$5,292)). This amount is recorded to contributed surplus and upon exercise will be recorded as an increase to share capital.

Outstanding options at April 30, 2010 are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
\$0.51	Jul-06	Jul-11	785,000	785,000
\$0.56	Sep-06	Feb-11	140,000	140,000
\$0.78	Feb-07	Feb-12	775,000	775,000
\$0.97	Feb-07	Feb-12	785,000	785,000
\$0.78	Sep-07	Sep-12	400,000	400,000
\$0.85	Nov-07	Nov-12	200,000	200,000
\$0.45	Jun-08	Jun-13	1,875,000	1,875,000
\$0.10	Jul-09	Jul-14	1,000,000	499,995
\$0.15	Oct-09	Sep-14	3,700,000	3,700,000
\$0.15	Nov-09	Sep-14	1,000,000	1,000,000
			10,660,000	10,159,995

7. PER SHARE AMOUNTS

Loss per share is computed by dividing net loss for the period by the weighted average number of shares outstanding. In computing loss per share the weighted average number of shares outstanding during the three and six months ended April 30, 2010 were 248,331,979 (2009 – 112,501,585) and 246,327,123 (2009 – 112,501,585) common shares. Stock options and warrants granted by the Company during this period have not been included in the computation of loss per share as they are anti-dilutive.

8. RELATED PARTY TRANSACTIONS

During the three and six months ended April 30, 2010 directors and officers of the Company incurred \$176,250 (2009 - \$93,169) and \$356,250 (2009 - \$156,502) for management and technical services on behalf of the Company. In addition, \$28,478 (2009 – Nil) and \$50,396 (2009 – Nil) of legal fees were paid during the three and six months ended April 30, 2010 to a law firm of which one of the Company's Directors is a partner. At April 30, 2010 \$23,000 (2009 – \$142,297) was included in accounts payable for management and technical services and \$21,918 (2009 – Nil) was

9. RELATED PARTY TRANSACTIONS (continued)

included in accounts payable for legal fees. These transactions were recorded at the exchange amount agreed to by the related parties.

10. ASSET RETIREMENT OBLIGATIONS

Balance, October 31, 2008	\$	316,967
Accretion of retirement obligation		28,088
Balance, October 31, 2009	\$	345,055
Accretion of retirement obligation		14,044
Balance, April 30, 2010	\$	359,099

11. COMMITMENTS

The Company has established a \$75,000 university bursary, to a deserving student within the Tahltan Nation, over a 5 year period commencing in the Company's 2007 fiscal year and ending in 2011. At April 30, 2010, there is \$30,000 remaining to be paid against this commitment.

The Company has a commitment with respect to its office lease The Company has commitments for office space as follows:

Period	May 1, 2010 - Oct 31, 2010	Nov 1, 2010 - Oct 31, 2011	Nov 1, 2011 - Oct 31, 2012	Nov 1, 2012 - Jun 30, 2013
Amount	\$ 65,793	\$ 94,831	\$ 77,588	\$ 52,928

12. SUBSEQUENT EVENTS

Subsequent to April 30, 2010 and as of June 10, 2010, 10,329,950 warrants have been exercised at prices between \$0.075 and \$0.115 for \$800,535.