

COPPER FOX METALS INC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED APRIL 30, 2010

June 10, 2010

Introduction

This management's discussion and analysis ("MD&A") should be read in conjunction with Copper Fox Metals Inc's (the "Company" or "Copper Fox") unaudited interim financial statements for the three and six months ended April 30, 2010 and related notes thereto and the audited annual financial statements for the year ended October 31, 2009 and related management discussion and analysis. Technical information contained in this MD&A has previously been filed by way of news release and other technical reports. This information is posted on Sedar at www.sedar.com and on the Company's website at www.copperfoxmetals.com. The reader should be aware that historical results are not necessarily indicative of future performance (readers should refer to "Forward Looking Statements" on pages 10 and 11). The effective date of this MD&A is June 10, 2010. All amounts are in Canadian dollars unless otherwise stated.

Description of Business

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

The Schaft Creek deposit is located within a contiguous group of mineral claims that cover 21,025 hectares, the ownership of which was recently transferred to Copper Fox by Teck Resources Limited ("Teck"). 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 (the "Option Agreement"). Teck owns 78% of Liard which equates to a 23.4% indirect interest in the Schaft Creek Project (the "indirect interest"). Under the Option 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, within 120 days, make an 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.

In addition, Copper Fox owns a 100% working interest in another contiguous group of mineral claims covering 3,947 hectares that is not subject to the Option Agreement.

Highlights

Copper Fox is working on a Feasibility Study of the Schaft Creek deposit which is expected to be completed by the end of 2010. Copper Fox achieved a significant milestone related to the environmental assessment process with receipt of a Section 11 Order which allows Copper Fox to proceed to consultation with interested parties, the Tahltan Nations and federal and provincial regulatory bodies. Highlights of the work completed during the quarter related to the completion of the feasibility study as of the date of this MD&A are outlined below.

- An estimate that 3.6% to 5.1% of the total waste rock mined could potentially be net acid generating, a very low percentage compared to other porphyry copper deposits,
- a higher-grade zone of copper-gold-molybdenum-silver mineralization previously referred to as the West Breccia has been extended over a distance of 2,500 metres ("m") and is open to the north, south and at depth,
- a Section 11 Order has been received regarding the public consultation process related to obtaining an Environmental Assessment Certificate for the Schaft Creek project, and
- the results of the TITAN-24 DCIP and MT Survey are expected to be received before the end of June.

Operating and Financing Activities

The Company's main objective in 2010 is to complete the feasibility study on the Schaft Creek deposit. The feasibility study includes numerous geotechnical and engineering components as well as detailed environmental and socio-economic studies related to development of the Schaft Creek deposit.

To the end of December 2009, Copper Fox incurred a total of \$43,299,162 of expenditures that have been accepted by Teck as applicable expenditures pursuant to the Option Agreement on the Schaft Creek Project.

As a part of the feasibility study, a series of trade off studies related to the capital and operating costs related to the development of the Schaft Creek deposit are to be completed. Copper Fox believes that it may be able to reduce the initial capital cost, projected in an independent National Instrument compliant 43-101 Technical Report entitled "Preliminary Feasibility Study on the Development of the Schaft Creek Project Located in Northwest British Columbia, Canada" dated September 15, 2008, prepared by Samuel Engineering, Inc. through a number of initiatives including, but not limited to, reviewing the total contingency and use of contract mining services.

The feasibility study will also include reviewing ways in which to shorten the period of time to recover the initial capital costs related to the development of the Schaft Creek deposit, referred to as the "payback" period. One way to reduce the payback period is to mine higher grade mineralization during the first several years of mining and milling operation to produce more metals for sale; thus accelerating the "payback" period. The delineation of a higher-grade "starter pit" and the possibility of increasing the daily milling rate are two aspects of the Feasibility Study currently being reviewed reduce the "payback" period.

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Copper Fox retained Cambria Geosciences Inc. to complete an updated geological model for the Schaft Creek deposit. The updated model is based on a compilation and verification of all diamond drill information, re-logging of some of the diamond drill core, construction of detailed geological cross sections at 50 metre intervals and incorporates the mineralization, alteration, fault structures, intrusions and hydrothermal breccias into a unified geological model.

This updated Geological Model for the Schaft Creek deposit shows that:

- the copper-molybdenum-gold-silver mineralization is constrained within a 1,200 m wide fault bounded north-northwest trending structure,
- the two major mineralized zones that make up the Schaft Creek deposit are the Main Zone (Liard Zone) and the Paramount – West Breccia Zone previously referred to as the West Breccia Zone (in the south) and the Paramount Zone (in the north),
- the Paramount – West Breccia Zone contains higher-grade disseminated, fracture and breccia-hosted copper-molybdenum-gold-silver mineralization that dips vertical to steeply eastward and average about 100 to 150 m in width (widening at depth to 200 m locally),
- the intrusive and volcanic host rocks on the flanks of the breccias exhibit significantly higher copper grades than the deposit average, and
- the higher-grade core to the Paramount – West Breccia Zone has a horizontal strike length of 2500 m and is open to depth.

The updated model has also identified a number of possible drill targets to the north and to the south of the Schaft Creek deposit that could extend the limits of the mineralization. The model has also identified areas within the Paramount-West Breccia zone where infill diamond drilling might better define a higher-grade zone of copper-molybdenum-gold-silver mineralization that could be a potential higher grade "starter pit".

Copper Fox has been collecting environmental baseline information on the Schaft Creek area since mid 2005. As part of these studies, Copper Fox has completed 634 Acid/Base Accounting Samples and numerous Humidity Cell Tests. These tests are performed to determine what percentage of the waste rock mined from the Schaft Creek deposit could have the potential to produce acid due to the oxidization of sulphide minerals. Copper Fox's consultant, Dr Kevin Morin, has concluded that approximately 3.6 to 5.1% of the total rock mined from the Schaft Creek deposit could potentially be net acid generating which is low compared to other porphyry copper deposits. The low potential acid generating ability of the waste rock is considered due to the presence of carbonate in the mineralization in the Shaft Creek deposit.

Copper Fox has received a Section 11 Order from the Government of British Columbia setting out the parameters of the public consultation process related to the application by Copper Fox for an Environmental Assessment Certificate. This

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is an important, major step forward and allows Copper Fox to commence the public consultation process as part of its ongoing environmental and the socio-economic impact studies related to development of the Schaft Creek deposit.

Future Activities:

During the next Quarter, the results of the TITAN-24 DCIP and MT geophysical survey are expected to be received. Copper Fox contracted Quantec Geosciences Limited to complete this survey. This type of geophysical survey is commonly used worldwide in the exploration for porphyry copper deposits such as Schaft Creek. The TITAN-24 DCIP and MT geophysical survey was completed to better define two large geophysical anomalies outlined in a geophysical survey completed in 2008. The dimensions of the TITAN-24 survey were expanded outside the areas of the geophysical anomalies outlined in 2008 to cover known areas of the Schaft Creek deposit to obtain better interpretation of any anomalies that may be detected by the TITAN-24 survey. As part of the feasibility study, Copper Fox is required to demonstrate that no mineral inventory exists in areas where it plans to construct infrastructure related to the development and operations of the Schaft Creek deposit.

AMEC Americas Limited has commenced working on the preparation of the updated resource estimation for the Schaft Creek deposit. The preliminary work related to the updated resource estimate includes wire framing the lithologic domains and creating copper and molybdenum grade shell to delineate the areas of mineralization that will be used in the updated resource estimation. It is expected that the updated resource estimation should be completed in the early part of the third quarter of 2010.

Engineering work related to the access road, construction of bridges, additional environmental studies and preliminary mine planning are currently underway.

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

Second Quarter Overview

Revenues:

The Company has no income producing assets and has not reported any revenue from operations for any of the quarters ended April 30, 2010 or April 30, 2009. The Company is considered to be in the exploration and development stage.

Expenses:

A comparison of the expenses incurred by Copper Fox for the three months ended April 30, 2010 and April 30, 2009 are set out below. During the three months ended April 30, 2010 Copper Fox incurred expenses of \$309,067 compared to \$431,763 for the three months ended April 30, 2009.

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	April 30, 2010	April 30, 2009
Expenses:		
Administration	\$ 165,446	\$ 215,415
Amortization and accretion	33,967	39,647
Professional fees	58,316	150,003
Processing fees	17,630	14,074
Rent	6,872	5,007
Stock based compensation	4,983	-
Travel	21,853	7,625
Interest income	-	(8)
Net loss	\$ 309,067	431,763

During the quarter a reduction in administrative and legal fees resulted in a significant reduction of expenses related to the operation of the Company. The decrease in expenditures is primarily related to a decrease in administration fee and in legal fees. Travel expense increased during the quarter due to increased level of activity related to the feasibility study.

Loss:

Copper Fox incurred a net loss and comprehensive loss for the three and six months ended April 30, 2010 of \$309,067 (2009 - \$431,763) and \$755,889 (2009 - \$29,567,122). The loss for the quarter recorded in 2009 related to a one time write down in the carrying value of the Schaft Creek deposit.

Loss per Share:

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. The increase in the number of shares issued per quarter is due to the exercise of share purchase warrants issued on previous financings completed by Copper Fox in 2009. Stock options and warrants granted by the Company during this period have not been included in the computation of loss per share as they are anti-dilutive.

The loss per share for the three and six month periods ended April 30, 2010 were (\$0.00) compared to a loss per share of (\$0.00) and (\$0.26) for the three and six month periods ended April 30, 2009.

Cash Flow and Loss:

Copper Fox reported a loss for the three months ended April 30, 2010 of \$309,067 compared to a loss of \$431,763 for the same period in 2009. Included in the loss is \$4,983 (2009 - Nil) of stock based compensation charges and \$33,967

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(2009 - \$39,647) of amortization and accretion which do not affect the cash flow of the Company. Cash flow from operations for the quarter was (\$35,644) compared to (\$176,891) for the quarter ended April 30, 2009. Most of the reduction in loss from operations relates to legal fees paid in the quarter ended April 30, 2009 for ongoing corporate matters.

Total Assets:

Total assets of the Company at April 30, 2010 are \$15,614,887 (October 31, 2009 - \$13,555,763) which is the carrying value of Copper Fox's investment in the Schaft Creek deposit. Since 2005, Copper Fox has incurred in excess of approximately \$46 million in qualifying expenditures as per the Option Agreement with Teck to collect the information required to complete the feasibility study on the Schaft Creek deposit. Copper Fox expects to incur an additional approximate \$8.0 million prior to completion of the feasibility study.

Selected Financial Information

	Net loss/income	Net (loss)/income per share - basic and diluted
<u>2010</u>		
Second Quarter	\$ (309,067)	\$ 0.00
First Quarter	\$ (446,822)	\$ 0.00
<u>2009</u>		
Fourth Quarter	\$ 1,533,575	\$ 0.01
Third Quarter	\$ (491,057)	\$ -
Second Quarter	\$ (431,763)	\$ -
First Quarter	\$ (29,135,359)	\$ (0.28)
<u>2008</u>		
Fourth Quarter	\$ 1,890,230	\$ 0.02
Third Quarter	\$ (1,307,512)	\$ (0.01)

Liquidity and Capital Resources:

The Company's working capital was \$1,156,391 at April 30, 2010. The Company has sufficient funds available to meet its current obligations.

Pursuant to a private placement of securities in the share capital of Copper Fox issued during 2009, Copper Fox issued a total of 108,052,553 warrants with an exercise price of \$0.075. Each warrant allows the holder thereof to purchase one common share in the share capital of the Company. The expiry dates and number of warrants are as follows: June 1, 2010 (10,968,759), on June 16, 2010 (8,156,509) and on July 13, 2010 (88,927,285). If all of the \$0.075 warrants are

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exercised, a total of \$8,103,941 would be received by Copper Fox. In a second private placement completed in October 2009, Copper Fox issued 11,886,341 warrants at an exercise price of \$0.115. These warrants expire on October 21, 2010 and if all warrants are exercised, a total of \$1,366,929 would be received by Copper Fox.

As of the date of this MD&A (June 10, 2010) 40,801,690 of the \$0.075 warrants and 1,986,511 of the \$0.115 warrants have been exercised. A total \$3,288,576 has been received by Copper Fox and resulted in the issuance of 42,788,201 common shares of the Company. It is expected that the exercise of these warrants should continue into the third quarter.

The cash requirements in the coming months will be significant as the Company works toward completing the feasibility study. At the end of this quarter the Company has spent approximately \$46 million of qualifying expenditures toward this study. The Company will require additional capital to complete this study and to provide for the administration of its Vancouver and Calgary offices. The Company believes that it will be able to raise the capital required to complete the Feasibility Study through the continued exercise of its outstanding options and warrants or through the public market if required.

Off Balance Sheet Arrangements:

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

The Company entered into a lease for the premises for its Vancouver office which expires in February 2011 and has signed a three year lease commitment commencing July 1, 2010 and expiring June 30, 2013 for the Calgary office.

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

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Mineral Property:

At the end of December 2009, Copper Fox had incurred expenditures of \$43,299,162 which have been accepted by Teck as allowable expenditures pursuant to the Option Agreement with Teck. Copper Fox's balance sheet shows a carrying value of the Schaft Creek Project to be \$13,146,586, an increase of \$4,558,166 from April 2009. During the first quarter of 2009, the Company wrote down the carrying value of these expenditures by \$31,000,000. The write down in carrying value of Copper Fox's interest in the Schaft Creek Project was based on a number of factors indicating impairment including its market capitalization, the value of competing offers to acquire the company and its working capital deficiency.

A comparison and details of these expenditures related to the Schaft Creek project for 2008, 2009 and 2010 are as follows:

	Expenditures November 1, 2009 to April 30, 2010	Expenditures November 1, 2008 to October 31, 2009	Expenditures November 1, 2007 to October 31, 2008
Drilling Program/camp activities	\$ 368,083	\$ 173,034	\$ 8,661,113
Environmental Program	824,415	424,208	2,670,108
Feasibility Study	1,692,122	844,558	2,843,863
Social License	47,671	52,594	235,616
Geology, Engineering, Metallurgy	242,090	221,835	1,277,769
Testing, Assaying, Mapping, Etc.	52,227	36,071	371,362
Miscellaneous	64,429	37,332	247,269
Mineral property write down	-	(31,000,000)	-
Tax benefit - Capital Compensation/ARO	-	93,958	260,160
	\$ 3,291,037	\$ (29,116,410)	\$ 16,567,260

The Preliminary Feasibility Study on the Development of the Schaft Creek Project Located in Northwest British Columbia, Canada dated September 15, 2008, which is filed on SEDAR, estimated that the Schaft Creek deposit contains the following estimated current mineable reserves:

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Mineral Reserves (@ 0.2% copper equivalent cut-off)		
	Proven	Probable
Tonnes	411,100,000	409,900,000
Copper	0.32%	0.28%
Molybdenum	0.02%	0.02%
Gold	0.24 g/t	0.19 g/t
Silver	1.72 g/t	1.80 g/t
Note: All figures are rounded to reflect the relative accuracy of the estimate and in keeping with "best practice" principles		

The mining and processing of the Proven and Probable Mineral Reserve at a daily rate of 100,000 tonnes combined with the expected percentage metal recoveries based on detailed metallurgical test work was estimated to generate total revenues of \$25.5 billion over a 22.6 year mine life. With a net smelter return of \$31.50 per tonne and a total operating cost (includes transportation, refining and smelting of the concentrate) of \$12.50 per tonne of ore processed, the Schaft Creek Project was estimated to generate Net Present Value of the cash flow stream of \$2.7 billion using a discount rate of 8% over 22.6 years after recovery of all capital costs and before taxes.

Reporting Standards:

The Canadian Accounting Standards Board has announced that International Financing Reporting Standards (IFRS) will replace Canada's current GAAP for publically-accountable, profit-oriented enterprises starting January 1, 2011. The Company is currently evaluating the different accounting policy options that will be available under IFRS, particularly as it relates to the carrying value of its mineral property. The Company anticipates that the potential to write up the carrying value of its mineral property to its original cost is possible under the adoption of IFRS. The accounting for stock based compensation, asset retirement obligation and accounting for future income taxes is anticipated to result in minor adjustments under the IFRS standards. The Company is in the process of reviewing its accounting systems to properly implement any required changes resulting from the adoption of IFRS.

In addition, the Company management have been attending training courses on the transition to IFRS specific to mining company operations, that include the differences between Canadian GAAP and IFRS, internal control policies and procedures that may require changes, and the requirements for ensuring appropriate financial reporting staff and controls that will be required up to and including the adoption of IFRS.

Share Capital

The Company has 285,146,800 shares, 77,150,693 warrants and 10,660,000 options outstanding as of the effective date of this MD&A of June 10, 2010.

Basis of Presentation

The accompanying financial statements of Copper Fox have been prepared by management in accordance with Canadian generally accepted accounting principles.

Critical Accounting Policies

A summary of significant accounting policies is presented in note 3 of the Company's audited financial statements. There were no additional policies in the interim statements.

Forward-looking Statements

This MD&A includes "forward-looking information" within the meaning of the Canadian securities laws. Statements, other than statements of historical fact, may constitute forward-looking information and include, without limitation: anticipated timing and content of upcoming work programs, geological interpretations, receipt of property titles, and proposed mineral recovery processes; anticipated dates for receipt of permits, approvals, anticipated results of drilling programs, technical studies and other economic analyses; anticipated availability and terms of future financing; future production, operating and capital costs; and operating or financial performance.

Information concerning mineral reserve and resource estimates also may be deemed to be forward-looking information in that it reflects an estimation of the quality of metals that could be encountered if a mineral deposit were developed and mined. For any forward looking information given, management has, in part, relied on its independent technical consultants and assumes that the conclusions and recommendation of the independent consultants related to and including assay results, proposed recovery procedures, mining methods, operating and capital costs it has received are reliable and that its consultants has applied geological and engineering interpretation methodologies which are consistent with industry standards.

Forward-looking information involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. Important factors that could cause actual results to differ materially from management's expectations include: fluctuations in metal prices, currency exchange rates; uncertainties relating to interpretation of drill results, the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for co-operation of government agencies in the exploration and development of properties and the receipt of permits; the need to obtain additional financing to fund activities and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or

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development programs or in project construction; uncertainty as to timely receipt of permits and other governmental, regulatory and other approvals; and other risks and uncertainties disclosed in the company's filings with Canadian securities regulatory authorities at www.sedar.com.

The forward-looking information in this MD&A is based on management's current expectations and Copper Fox assumes no obligations to update such information to reflect later events or developments, except as required by law. Additional information, about the risks and uncertainties of the Company's business is provided in its disclosure materials, including its most recent annual and quarterly filings, filed with the securities regulatory authorities in Canada available at www.sedar.com.