COPPER FOX METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2011

February 27, 2012

650, 340-12th Ave SW
Calgary, Alberta
Canada, T2R 1L5
Phone: 403-264-2820
Fax: 403-264-2920

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") audited annual financial statements for the year ended October 31, 2011 and related notes thereto and management discussion and analysis thereon. Technical information contained in this MD&A has previously been disseminated by way of news release and is filed 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 page 16). The effective date of this MD&A is February 27, 2012. All amounts are in Canadian dollars unless otherwise stated.

Description of Business

Copper Fox is a Canadian-based resource development company listed on the TSX-Venture Exchange (CUU) involved in the exploration and development of the Schaft Creek copper-molybdenum-gold-silver deposit located at Schaft Creek in northwest British Columbia, Canada.

Copper Fox holds title and a 100% working interest in the Schaft Creek Property; a contiguous 21,024.96 hectare (51,954 acre) property that is subject to a 3.5% Net profits interest held by Royal Gold Inc., a 30% carried net proceeds interest held by Liard Copper Mines Limited ("Liard") and an earn back option held by Teck Resources Limited ("Teck"). On completion of the feasibility study, Copper Fox will earn Teck's 78% interest in Liard. Teck's earn back option to acquire either, 20%, 40% or 75%, of Copper Fox's interest in the Schaft Creek property is triggered upon delivery of a positive feasibility study to Teck. Should Teck elect to exercise its option for 75%, they are required to fund subsequent property expenditures up to a total of 400% of those incurred by Copper Fox ($74.2 million to December 31, 2011) and arrange for project financing, including the Copper Fox portion. For full details of the Teck earn back option please refer to the Company's website www.copperfoxmetals.com.

Since March 2011, the Company has acquired a number of mineral claims located adjacent to the Schaft Creek property totalling 2,978.5 hectares (7,360 acres) (the "March 2011 Mineral Claims") which are subject to a 2% Net Smelter Return ("NSR"). Copper Fox has the option to repurchase, at any time, one-half of the NSR on the March 2011 Mineral Claims for a total purchase price of $3.0 million. In September 2011, the Company acquired additional mineral claims located adjacent to the Schaft Creek property totalling 6,115.12 hectares (15,110.73 acres) (the "September 2011 Mineral Claims") which are subject to a 2% NSR. Copper Fox has the option to repurchase, at any time, one-half of the NSR on the September 2011 Mineral Claims for a purchase price of $1.0 million. The Mineral Claims acquired in 2011 are subject to inclusion with the Schaft Creek project under the terms of the Area of Interest provision of the Teck Option Agreement. Copper Fox has incurred expenses of $3 million related to the new property acquisitions. The terms and conditions for the inclusion of these Mineral Claims into the Schaft Creek project have yet to be negotiated with Teck.

In addition Copper Fox owns a further contiguous group of mineral claims encompassing 3,937 hectares (9,753 acres) not subject to the Area of Interest clause in the Teck Option Agreement.

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Schaft Creek – An Emerging Porphyry Copper District?

Based on results of the 2011 program, Copper Fox realized that the Schaft Creek property could host a number of porphyry style copper +/- gold-silver-molybdenum deposits. The copper-gold-silver-molybdenum mineralization intersected in DDH CF422-2011 approximately 1,200m north of the Paramount zone strongly supports this opinion. This drill hole is located at the very western edge of a large 1,800m long by 800m wide Titan-24 chargeability anomaly (not tested by drilling) located within the Schaft Creek Mineral Trend. To lend additional support to the mineral potential of the Schaft Creek property, a geotechnical hole located 300m east of the Paramount zone intersected significant copper-gold-silver-molybdenum mineralization in an interpreted "leakage" zone from either the eastern extension of the Paramount zone or another mineralized body. These mineralized intervals in conjunction with the technical aspects of the Schaft Creek Mineral Trend strongly suggest the presence of a porphyry copper environment with considerable mineral potential.

Feasibility Study:

Tetra Tech WEI Inc. (formerly Wardrop) the main contractor on the Schaft Creek feasibility study, is working to complete this study by the end of March of 2012. Feasibility studies are complex and require a substantial amount of engineering work with a high level of detail within very narrow limits of estimation. The Option Agreement between Copper Fox and Teck requires that Copper Fox deliver to Teck a feasibility study to earn the 78% interest in Liard Copper Mines Limited and start the 120 day period for Teck to make its election regarding participation in the Schaft Creek project. Tetra Tech WEI Inc. is currently working on completing the detailed mine plan including the first five years of mining operations. The mine plan includes, for example, detailed estimates of material movement, haulage distances and waste dumping locations. Mine planning is a fundamental part of the feasibility study and has a significant impact on the economics of the Schaft Creek deposit. Until this work is completed, completion of the feasibility study is not possible. Work related to all other aspects of the feasibility study, except the economic sensitivity analysis, have been completed.

Large porphyry deposits like Schaft Creek are capital intensive, with a mine life that that extends over a number of decades. The capital intensive nature of large porphyry deposit, typically measured in the billions of dollars, requires that the initial capital expenditures are recovered as soon as possible. After capital expenses are recovered, management's main objective would be to maximize the annual cash flow over the mine life.

The main difficulty in valuing large porphyry deposits is determining with a level of certainty the fundamental input parameters such as metal prices, currency exchange rates and operating costs. Over the past three years, metal prices, currency exchange rates, construction costs, material and labour rates have all been volatile. The most common valuation method currently used to reach a valuation is the discounted cash flow method ("DCF"). This method has inherent flaws in that it assumes the input parameters, production schedules and metal grades, remain constant over the mine life. Clearly metal prices and operating costs, as an example, would not remain constant over a 20 year period.

The alternative to the DCF method is Real Option Valuation methodology. This method allows for operating flexibility and takes into account predicted changes in metal prices, currency exchange rates and operating costs over the mine life. Essentially this method attempts to simulate mining operation where management can make various decisions depending on economic circumstances such as either increases or decreases in metal prices, etc. This method of valuation provides for a more realistic approach to valuing long life mining projects like Schaft Creek. The Real Option Valuation method is commonly used by large metal mining companies as an alternative method to valuing a long life

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porphyry project. Copper Fox will use both valuation methods in determining the economic viability of the Schaft Creek deposit in the feasibility study.

The feasibility study will exclude the value of the silver in the mineralization and the higher metal grades intersected during the 2011 exploration program. The Company has commissioned Tetra Tech to perform a "Resource Estimate" update that will include same, expected to be finalized in Q2 of 2012.

The average silver content of the mineralization at Schaft Creek was not included in the 2011 updated mineral resource estimate, prepared by AMEC, which is being used to complete the feasibility study due to "legacy data" issues generated over the past 50 years of exploration on the property. AMEC completed the updated mineral resource estimate and noted that the silver content of the mineralization would range between 1 g/t and 2 g/t. One of the products to be sold from the Schaft Creek project is a copper concentrate that contains significant concentrations of gold and silver, which from a practical point of view would suggest that a credit will be received from the sale of the silver. Copper Fox is currently in discussion with Tetra Tech WEI Inc. regarding the inclusion of the revenue generated from the sale of silver contained in the copper concentrate sold from the Schaft Creek project. This represents a considerable amount of revenue over the mine life and should be included in order to provide a realistic valuation of the project.

Completion of a feasibility study takes into account many aspects related to developing a mine of this scale. Economic is not the only metric. Aspects such as permitting and construction to name a few, also have a significant impact on the value and ability to move a project the scale of Schaft Creek forward to production. Copper Fox's objective is to complete the feasibility study on the Schaft Creek project in the first three months of 2012 and then commence the activities, such as power and road access, required to move the project forward.

Highlights for the Fourth Quarter and Year Ended October 31, 2011

During the year, Copper Fox completed additional land acquisitions, a large Titan-24 DCIP & MT survey, purchased shares in Liard Copper Mines, metallurgical test work on the mineralization from the Paramount zone and the 2011 Schaft Creek field program. As of the date of this MD&A, 22 drill holes of various purposes totaling 9,662.3m were completed in 2011. During the quarter, Copper Fox acquired additional mineral tenures that covered the northern and southern extension of the Schaft Creek Mineral Trend. The technical information set out below has been previously released by way of news releases made by Copper Fox over the past few months.

Quantec Titan-24 DCIP and MT Survey:

Quantec Geosciences Limited ("Quantec") completed a total of 38.8 kilometres of Titan-24 DCIP & MT survey over an area extending from the north end of the Paramount zone to the ES zone (a distance of 3.0 kilometres) and an 800m long portion of the GK zone. This survey located large chargeability anomalies on the Mike, ES and GK zones and has extended the chargeability signature of the Paramount zone to the north along the mineralized corridor referred to as the Schaft Creek Mineral Trend.

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The Titan-24 survey has delineated an interesting feature in the vicinity of the Paramount zone. The chargeability (with corresponding low resistivity) anomalies in the Paramount zone and the Mike zone defined an interpreted circular feature that coincides with a large circular shaped resistivity low. The south side of this circular feature correlated with the higher-grade zone of copper-gold-molybdenum-silver mineralization intersected by the 2010 and 2011 drilling. Until the large chargeability anomalies on the Mike, ES and GK zones have been tested by diamond drilling the significance of the chargeability signature will not be known. The large zones of surface copper +/-gold, molybdenum-silver mineralization previously outlined on the ES and GK zones correspond well with these chargeability anomalies.

2011 Diamond Drilling Program:

During the quarter, four diamond drills worked on the Schaft Creek property collecting geotechnical data for the feasibility study and delineating the zone of higher grade mineralization in the Paramount zone. At the end of the 2011 drilling program, two significant aspects of the Schaft Creek project are, i) the size of the zone of high grade mineralization in the Paramount zone has not yet been fully defined despite a 280m step-out to the north and, ii) a new zone of copper mineralization that correlates with a chargeability anomaly approximately 1,200m north of the Paramount zone has been located. To provide an example of the potential size of the Paramount zone, DDH CF415-2011 a 280m step out to the north of the previous drilling intersected a 582m interval of mineralization including a 67m interval that averaged 1.10% copper equivalent.

Highlights of the diamond drilling results for the quarter and to the date of this MD&A are set out below:

- Diamond drill hole (DDH) CF411-2011 intersected a 590.4m interval that averaged 0.39% copper, 0.25 g/t gold, 0.031% molybdenum and 2.04 g/t silver (0.73% Cu Eq) which includes an interval that averaged 0.91% Cu Eq over 387.8m. The last sample in this drill hole yielded 0.72% CuEq mineralization at a vertical depth of 615m below surface;
- DDH CF412B-2011 intersected a 529.5m interval that averaged 0.38% copper, 0.28 g/t gold, 0.023% molybdenum and 2.30 g/t silver (0.70% copper equivalent) over a core interval of 529.5m from 106.58m to the end of the hole which includes an interval of 145.2m that averaged 0.89% Cu Eq. The last sample in this drill hole yielded 0.45% CuEq mineralization at a vertical depth of 670m below surface;
- DDH CF415-2011 intersected 0.49% copper, 0.55g/t gold, 0.04% molybdenum and 8.79g/t silver (1.10% copper equivalent) over an interval of 65.5m starting at a core length of 99.0m. This hole was mineralized from bedrock to the bottom of the hole;
- DDH CF413-2011 intersected 0.34% copper, 0.21g/t gold, 0.03% molybdenum and 2.25g/t silver (0.65% copper equivalent) over an interval of 130.65m starting at a core length of 161.0m;
- DDH CF419-2011 located in the Liard zone intersected 0.46% copper, 0.41g/t gold, 0.043% molybdenum and 2.15g/t silver (0.96% copper equivalent) over an interval of 110.8m starting at a core length of 10.2m and 0.55% copper, 0.20g/t gold, 0.013% molybdenum and 1.88g/t silver (0.76% copper equivalent) over an interval of 136.7m starting at a core length of 121.00m;
- DDH CF418B-2011 intersected 0.30% copper, 0.06g/t gold, 0.038% molybdenum and 1.57g/t silver (0.56% CuEq) over a 324m interval starting a core length of 255.6m, including 0.72g/t gold and 2.29g/t silver over a core interval of 52m starting at a core depth of 580.4m;

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- DDH CF420-2011 tested the continuity of the mineralization in an area between the Paramount and Liard zones. This hole intersected a broad zone of copper mineralization which includes a 127.0m interval of higher-grade mineralization in phyllic altered andesite including in the interval from 527.0m to 654.0m;
- DDH CF425-2011 also tested the continuity of the mineralization in an area between the Paramount and Liard zones and intersected two significant intervals of mineralization in phyllic altered andesite and tourmaline breccia. The 52m interval between the mineralized intervals reported in the above table contained low grade (<0.10%) copper values hosted in andesite;
- DDH CF422-2011 located approximately 1,200m north of the Paramount zone intersected copper +/- gold-molybdenum-silver mineralization at a core interval of 83m and remained in a similar style mineralization to the bottom of the hole at 318m. The mineralization shows a strong correlation to the outer edge (and weaker chargeability) of a large (1,800m by 800m) Titan-24 chargeability anomaly, the strongest portion of which occurs east of the drill hole collar location and remains untested by drilling.

In addition to the above drill hole results, the geotechnical/exploration drill holes yielded the following significant results:

- DDH CF417-2011 located approximately 300m east of the Paramount zone intersected 0.24% copper, 0.08g/t gold and 1.27g/t silver over a 21m interval starting a core length of 399.0m with the Mount LaCasse volcanics;
- DDH CF421-2011 was drilled for geotechnical purposes south of the Liard zone to sterilize this area for a waste dump planning for purposes of the feasibility study. This hole intersected several narrow (less than 4m apparent thickness) of low grade (0.10% to 0.15%) copper mineralization;
- DDH CF423-2011 located 650m west of the Liard zone intersected three significant intervals of copper-silver mineralization including a 43.6m interval of 0.42% Cu Eq;
- DDH CF424-2011 was completed to test the continuity of the mineralization intersected in DDH CF423-2011 (see News Release dated January 13, 2012). This hole intersected one significant interval of mineralization that appears to correlate with the mineralization in DDH CF423-2011.

Metallurgical Test Work:

Metallurgical testwork on mineralization from the Paramount zone including; rougher flotation, locked cycle tests and concentrate quality has yielded an average recovery of 89% for copper, 64% for molybdenum, 73% for gold and 58% for silver to a bulk concentrate grading between 31 and 32% copper. Two master composite metallurgical samples were completed at a 150 micron grind size from which a concentrate was produced that contained an average of 31% copper, 1.30% molybdenum, 16 g/t gold and 131 g/t silver. The concentrate was low in other base metals and other common penalty elements.

Feasibility Study:

During the year, Tetra Tech WEI Inc. worked on the mine plan, capital and operating costs, infra-structure, metallurgical and other aspects of the feasibility study. As of the date of this MD&A, Tetra Tech WEI Inc. are working on completing the detailed mine plan including the first five years of mining operations. The completion of this work and the proposed pit will be the basis for completion of the feasibility study. Knight Piesold, the geotechnical contractor, completed its field work related to pit slope design for the high-wall of the proposed open pit. A large area of unconsolidated material

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occurs to the east of the Paramount zone in the area of the high-wall of the proposed pit which if not properly engineered could become an issue at a later date during operations.

Environmental Studies:
During the quarter, Copper Fox secured consultants to continue the environmental baseline monitoring program at Schaft Creek. This program includes surface and groundwater quality monitoring, surface hydrology and climate data collection. In addition, the draft work plan to complete a Transportation Effects Assessment was revised to include comments and concerns raised by various provincial and federal agencies. The work plan will be distributed to various First Nations for comment.

Copper Fox plans to complete aspects of the Environmental Assessment Application / Environmental Impact Statement (EA Application / EIS) including the Tahltan Traditional Knowledge Report and the Tahltan Social and Cultural Impact Assessment. With completion of the feasibility study, Copper Fox will update water quality model predictions needed to complete the EA Application / EIS.

Future Operations:
Copper Fox plans to complete the feasibility study as soon as possible with an expected completion date by March 31, 2012. Copper Fox plans to complete an updated resource estimate to incorporate the analytical results of the 2011 drilling program. This work will not affect the feasibility study's expected completion date.

The focus for Copper Fox at Schaft Creek during the three months starting March 1, 2012 will be to:

a) Complete the feasibility study on the Schaft Creek deposit by March 31, 2012;
b) Complete an updated current mineral Resource Estimation on the Paramount zone to include the 2011 results; and
c) Plan a program for 2012, which includes aspects of the road access, power line and securing diamond drills, geophysical equipment and personnel to complete additional field work in 2012. The 2012 program will be designed with as much flexibility possible to react to the decision Teck Resources Ltd make regarding its participation in the Schaft Creek project.

Elmer B. Stewart, MSc. P. Geol., President of Copper Fox, the Company'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.

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Period Overview

MD&A Reporting Requirements:

In accordance with Section 1.3 of National Instrument 51-102 *Continuous Disclosure Obligations,* Form 51-102F1, the Company is required to provide financial data derived from the Company's financial statements for each of the three most recently completed financial years in the following areas:

- Total revenues;
- Net income or loss, in total and on a per-share and diluted per-share basis;
- Total assets; and
- Total long-term financial liabilities

Revenues:

The Company has no income producing assets and has not reported revenue from operations for any of the years ended October 31, 2011, October 31, 2010 or October 31, 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 years ended October 31, 2011, October 31, 2010 and October 31, 2009 are set out below. During the year ended October 31, 2011 Copper Fox incurred expenses of $3,882,381 compared to $1,614,027 for the year ended October 31, 2010 and $33,143,516 for the year ended October 31, 2009.

	2011	2010	2009
Expenses:			
Administration	$ 969,666	$ 723,138	$ 810,519
Amortization and accretion	148,143	137,365	166,782
Insurance	67,924	65,409	83,992
Mineral property write down	-	-	31,000,000
Professional fees	568,494	368,919	533,176
Processing fees	168,522	49,676	86,419
Rent	27,619	29,190	30,710
Stock based compensation (*see below)	1,780,708	133,981	340,688
Travel	151,530	106,679	91,230
Interest income	(225)	(330)	-
Loss before income taxes	$ 3,882,381	$ 1,614,027	33,143,516

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*The increase in expenses from the year ended October 31, 2010 to October 31, 2011 is mainly due to stock based compensation which is a non cash item. There is also an increase in professional fees, processing fees and administration fees which are all related to the private placements and the property acquisitions completed in the year.

Loss:

Copper Fox incurred a net loss and comprehensive loss for the year ended October 31, 2011 of $3,686,739 (2010 - $1,614,027) (2009 - $28,524,604)

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 year ended October 31, 2011 was 371,626,823 (2010 – 290,223,364) (2009 – 147,118,469). 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 year ended October 31, 2011 was ($0.01) (2010 – ($0.00)) (2009 – ($0.19)).

Cash Position:

As at October 31, 2011, Copper Fox's current cash position was approximately $1.3 million. These funds are considered to be insufficient to complete the feasibility study. The application of the going concern concept is dependent upon the Company's ability to either generate future profitable operations and/or obtain additional financing. Subsequent to year end, the Company completed financings for total proceeds of $6.2 million and a debt for shares transaction to repay the outstanding $1,400,000 shareholder loan. As of the date of this MD&A, the Company's cash position is approximately $1.6 million. The Company is currently in the process of obtaining additional financing sufficient to complete the planned programs. The ability of the Company to generate future profitable operations is primarily dependent on achieving successful exploration and profitable operations of its mineral properties.

Total Assets:

Total assets of the Company at October 31, 2011 are $45,477,011 (October 31, 2010 - $23,749,503) (October 31, 2009 - $13,555,763). Since 2005, Copper Fox has incurred $74.2 million to December 31, 2011 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.

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Selected Financial Information

	Net Loss	Net (loss)/income per share - basic and diluted
2011		
Fiscal Year	$ (3,882,381)	$ (0.01)
Fourth Quarter	$ (642,576)	$ 0.00
Third Quarter	$ (502,944)	$ 0.00
Second Quarter	$ (2,378,650)	$ (0.01)
First Quarter	$ (358,211)	$ 0.00
2010		
Fiscal Year	$ (1,614,027)	$ 0.00
Fourth Quarter	$ (421,346)	$ 0.00
Third Quarter	$ (436,792)	$ 0.00
Second Quarter	$ (309,067)	$ 0.00
First Quarter	$ (446,822)	$ 0.00

The loss in the second quarter of 2011 includes $1,765,758 of stock based compensation charges and $28,786 of amortization and accretion which do not affect the cash flow of the Company.

Liquidity and Capital Resources:

Copper Fox operates in a capital intensive industry in which the demands for capital to finance exploration and development of its properties as well as its corporate overheads generally occur far in advance of projects being put in production and generating cash flow.

The Company's working capital deficit, defined as current assets less current liabilities, was $1,811,392 at October 31, 2011.

During the year, the Company raised a total of $18,685,671 from the completion of private placements totaling $15,038,046, 2,235,000 options exercised for total proceeds of $1,053,750, 1,828,500 warrants exercised for total proceeds of $2,593,875. In addition, a Director loaned $3,900,000 to the Company. The loan is unsecured, bears no interest and there are no fixed terms of repayment. In October 2011 the Company issued 1,851,852 shares for repayment of $2,500,000 of this debt. Subsequent to year end, in January 2012, the Company issued 1,272,727 for repayment of the balance of this loan of $1,400,000.

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At December 31, 2011, the Company had spent $74.2 million of qualifying expenditures towards the feasibility 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 through the continued exercise of its outstanding options and warrants or through the public market. Although management has been successful in raising capital in the past, there is no assurance that these initiatives will be successful in the future. Circumstances that could affect liquidity include early positive or negative results from the feasibility study, the general state of the equity markets for junior exploration companies and the overall state of the economy.

Off Balance Sheet Arrangements:

The Company has a commitment with respect to its office leases in Calgary and Vancouver as follows:

Period	Nov 1, 2011 - Oct 31, 2012	Nov 1, 2012 - Oct 31, 2013	Nov 1, 2013 - Feb 28, 2014
Amount	$ 140,078	$ 113,818	$ 18,406

The Company had an obligation to spend $3,750,000 of qualified expenditures by December 31, 2011 related to the flow through shares issued during the year. The Company has satisfied this obligation as of October 31, 2011.

Financial instruments:

The fair values of cash and cash equivalents, trade and other receivables, loans and borrowings, trade and other payables are approximated by their carrying amounts because of their short-term nature or because they bear interest at market rates.

Related Party Transactions:

During the year ended October 31, 2011 Directors and officers of the Company charged $745,858 (2010 - $716,750) for management and technical services incurred on behalf of the Company. In addition, $431,903 (2010 – $142,733) of legal fees were paid during the year ended October 31, 2011 to a law firm of which one of the Company's directors is a partner. At October 31, 2011 $22,000 (2010 – $22,750) was included in accounts payable for management and technical services and $116,055 (2010 – $30,474) was included in accounts payable for legal fees. These transactions were recorded at the exchange amount agreed to by the related parties.

Also, the Company paid an investment dealer, of which one of the Company's Directors is an Officer and Director (1) $120,150 and issued 133,500 broker warrants (exercisable at $0.75 per share and expiring on December 15, 2012) for finder's fees in relation to the equity private placement which closed on December 15, 2010 and; (2) $243,750 and issued 195,000 broker warrants (exercisable at $1.25 per share and expiring on March 16, 2012) for finder's fees in relation to the equity private placement which closed on March 16, 2011.

In addition, a Director loaned $3,900,000 to the Company. The loan is unsecured, bears no interest and there are no fixed terms of repayment. In October 2011 the Company issued 1,851,852 shares for repayment of $2,500,000 of this

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debt. Subsequent to year end, in January 2012, the Company issued 1,272,727 for repayment of the balance of this loan of $1,400,000. These transactions were recorded at the exchange amount agreed to by the related parties.

Mineral Property:

As of December 31, 2011, the Company has incurred $74.2 million qualifying expenditures ("QE") at Schaft Creek under the terms of the option agreement with Teck. Teck has an earn-back right under the terms of the option which is based on the qualifying expenditures incurred by Copper Fox. Should Teck elect to exercise its earn-back option it will be required to solely fund subsequent property expenditures to the extent of 100%, 300% or 400% to earn 20%, 40% or 75% of the Copper Fox interest. Also, in the event Teck elects to earn 75% interest, it will be responsible for arranging property financing including that of Copper Fox.

Copper Fox's balance sheet shows the carrying value of the Schaft Creek property to be $37,813,520; an increase of $16,390,131 from October 2010. During the first quarter of the year ended October 31, 2009, the Company wrote down the carrying value of its mineral property by $31,000,000 based on the implied fair value of a proposed board approved transaction with Lions Gate Metals Inc. This proposed transaction was subsequently terminated.

A comparison and details of these expenditures related to the Schaft Creek property for 2009, 2010 and 2011 are as follows:

	Expenditures November 1, 2010 to October 31, 2011	Expenditures November 1, 2009 to October 31, 2010	Expenditures November 1, 2008 to October 31, 2009
Drilling Program/camp activities	$ 11,404,933	$ 4,520,022	$ 173,034
Environmental Program	860,951	1,688,798	424,208
Feasibility Study	1,998,185	3,270,241	844,558
Social License	211,995	138,924	52,594
Geology, Engineering, Metallurgy	450,692	1,190,290	221,835
Testing, Assaying, Mapping, Etc.	603,903	470,200	36,071
Miscellaneous	272,547	239,029	37,332
Capital Compensation/ARO	586,925	50,336	93,958
	$ 16,390,131	$ 11,567,840	$ 1,883,590

The increase in drilling program/camp expenditures in 2011 is due to 2010 drilling season continuing through November and December 2010 along with three drills operating in 2011 compared to two in 2010. The decrease in expenditures in the environmental program and the feasibility study resulted from a delay in the resource estimate which caused a slowdown in these two areas. In fiscal year ending October 31, 2010 a Geological Model and a Metallurgical Assessment were completed resulting in a decrease in geology, engineering and metallurgy expenses in 2011. The increase in capital compensation in 2011 is related to the stock options issued in March 2011.

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Fax: 403-264-2920

Significant Accounting Policies:

The significant accounting policies used by the Company are disclosed in the notes to the Company's audited financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amount if assets, liabilities, revenues and expenses.

Reporting Standards:

In February 2008 the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for financial quarters beginning on and after January 1, 2011. Accordingly, the Company will be required to present its financial statements in accordance with IFRS for its fiscal year beginning November 1, 2011, including 2010 IFRS compliant comparative financial results.

In the second quarter of 2011, the Company retained a professional services firm to assist in completing a diagnostic review of the significant differences between IFRS and Canadian GAAP. The Company has completed the IFRS scoping and is working on the impact assessment analysis. In the coming quarter a detailed analysis of the major financial statement impact areas will be completed and those financial impacts presented to the Audit Committee and Board of Directors by quantifying the statement of financial position and statement of financial position changes under IFRS and comparing the amounts to those under GAAP. The major financial impact areas identified for the Company are:

1. Property plant and equipment – evaluation of componentization of assets and derecognition of assets is not expected to have a material impact to the financial statements. The IFRS 1 first-time adoption standard under IFRS allows for selective revaluation of property and equipment to fair value upon adoption of IFRS and otherwise, use of historic cost under prior Canadian GAAP, adjusted for appropriate recognition/derecognition of assets in accordance with IFRS, and adjusted for any potential impairments/reversal of impairments, as further noted in the point, below. Management has considered the appropriate approach and no adjustments will be necessary upon transition to IFRS ;
2. Impairment reversal – an impairment loss recognized in prior year(s) for long lived assets shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The Company believes that facts and circumstances have changed subsequent to the mineral property impairment carried out under Canadian GAAP and therefore the valuation of the mineral property on transition to IFRS has been reviewed and the impairment on the mineral property will be reversed upon transition to IFRS;
3. Asset retirement obligations ("ARO") – the concept of constructive obligation and the method used to calculate the ARO differ from Canadian GAAP to IFRS. As such, the Company has assessed the accounting impact of the transition to IFRS and will be making appropriate adjustments;
4. Future income taxes – the adjustments to future income tax assets and liabilities mainly reflect the tax effects of other IFRS adjustments;
5. Stock based compensation – the Company is analyzing the effect of various GAAP differences including the definition of consultants and employees and the associated differences in accounting for them on transition, as well as any effect of applying an IFRS forfeiture rate and graded vesting principals. Management has considered the appropriate approach and no adjustments will be necessary upon transition to IFRS;

copper FOX metals inc.
650, 340-12th Ave SW
Calgary, Alberta
Canada, T2R 1L5
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Fax: 403-264-2920

6. Flow through shares – under IFRS premiums on flow through shares issued must be recognized in income. This differs from Canadian GAAP as such the Company will be making the appropriate adjustment.

The Company is has completed accounting position papers, is preparing its proposed January 31, 2012 IFRS compliant note disclosures and working with its auditors to have these disclosures reviewed.

Measurement Uncertainty:

Management makes estimates and assumptions that affect the reported amounts of the assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those reported. Significant areas requiring the use of management estimates include the determination of impairment of property, plant and equipment and exploration and evaluation costs, provisions and assumptions used in calculating stock-based compensation expenses. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Business Risks:

The following describes the types of risks that the Company is exposed to in its operations and how it manages those risks.

World Economic Uncertainty:

While certain economies and business sectors are recovering from the recent economic slowdown, there still remains stock market uncertainty and an international credit crisis that could adversely impact the Company's ability to raise sufficient working capital to sustain operations. The Company cannot predict the impact this uncertainty will have on future results.

Exploration and Development:

The mining industry in general is inherently risky in nature. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and a company may be subject to risks from operations, mining law, environmental regulations, permits and licenses and financing.

Focusing exploration efforts in areas in which a company has existing knowledge and expertise helps in its efforts to find reserves. Exploration activities rely on the exploration results collected at that time and on the professional judgement of people involved in the exploration business. There is no assurance that exploration programs will result in a discovery being made. In the event that a discovery is made, no assurance can be given that the discovery will result in either resources or reserves being established on the property. If reserves are established, it may take a number of years and substantial expenditures until production is achieved, during which time the economic feasibility of the project may change.

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The long-term profitability of a company's operation will, in part, be directly related to the success of its exploration programs in finding additional reserves, which may be affected by a number of factors that are beyond the control of the company.

Regulations and Mining Law:

Mining operations and exploration activities are subject to the laws and regulations of a country in which a company does business. There is no assurance that these laws will not change in the future.

Environmental Factors:

All phases of a company's operations are subject to environmental regulations in the country in which it operates. Environmental legislation may continue to evolve in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. While a company may take the steps necessary to protect the environment around its operations, there is no assurance that future changes in environmental regulation, if any, will not adversely affect a company's operations or result in substantial costs and liabilities in the future.

Permits and Licenses:

The operation of a company requires permits from the government of the country in which the company operates. There can be no assurance that a company will be able to obtain all necessary permits that may be required to carry out its operations in the future.

Share Capital

The Company is authorized to issue an unlimited number of common shares of which 380,570,830 were outstanding at October 31, 2011. The following table shows the detailed number of shares, options and warrants outstanding as of October 31, 2011 and changes that have occurred up to the date of this MD&A.

	As of 31-Oct-11	Change in 2011/2012	Issued in 2011/2012	As of 27-Feb-12
Common shares issued and outstanding	380,570,830		6,601,416	387,172,246
Common shares issuable upon exercise of stock options	10,560,000	(225,000)		10,335,000
Common shares issuable upon exercise of warrants	3,460,167	5,278,689		8,738,856
Common shares fully diluted	394,590,997	5,053,689	6,601,416	406,246,102

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Subsequent Event

In December 2011 the Company completed a non-brokered private placement financing consisting of 3,278,689 units at a purchase price of $1.22 per unit, for aggregate gross proceeds of $4,000,000. Each unit consists of one common share of Copper Fox and one common share purchase warrant of Copper Fox. Each warrant entitles the holder thereof to acquire one common share of Copper Fox at an exercise price of $1.35 prior to December 13, 2012. This transaction was completed with an insider of the Company and no finder's fees or commissions were paid.

In January 2012 the Company settled $1,400,000 of debt by way of issuance of 1,272,727 common shares of Copper Fox at an issue price of $1.10.

In January 2012 the Company completed a non-brokered private placement financing consisting of 2,000,000 units at a purchase price of $1.10 per unit, for aggregate net proceeds of $2,200,000. Each unit consists of one common share of Copper Fox and one common share purchase warrant of Copper Fox. Each warrant entitles the holder thereof to acquire one common share of Copper Fox at an exercise price of $1.25 prior to January 30, 2013. This transaction was completed with an insider of the Company and no finder's fees or commissions were paid.

Subsequent to October 31, 2011 the Company issued 225,000 common shares on the exercise of vested options. The option exercise price was $0.78 for total proceeds of $175,500.

Basis of Presentation

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

Cautionary Note Regarding Forward-Looking Information

This Management's Discussion and Analysis (MD&A) contains "forward-looking information" within the meaning of the Canadian securities laws. Forward-looking information is generally identifiable by use of the words "believes," "may," "plans," "will," "anticipates," "intends," "budgets", "could", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions. Forward-looking information in this MD&A include statements about the timing and completion of a feasibility study; the chargeability anomalies at the Schaft Creek project; the scope and timing of work on the outstanding sections of the feasibility study; the potential to find additional porphyry style copper deposits within the Schaft Creek property; expected capital requirements to continue planned activities; expected sources and the adequacy of required capital resources; the results and interpretation of the high resolution airborne magnetic survey over the Schaft Creek project; the timing and scope of expected diamond drilling; the timing and completion of the Feasibility Study and Environmental Assessment application for the development of the Schaft Creek project; potential existence and size of mineralization within the Schaft Creek project; estimated timing and amounts of future expenditures and "earn-back" options; geological interpretations and potential mineral recovery processes. Information concerning mineral reserve and resource estimates also may be deemed to be forward-looking information in that it reflects a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined.

The forward-looking information contained in this MD&A, Copper Fox has made numerous assumptions, regarding, among other things: the interpretation of the results of the high resolution airborne magnetic survey over the Schaft Creek project; the geological, metallurgical, engineering, financial and economic advice that Copper Fox has received is reliable, and is based upon practices and methodologies which are consistent with industry standards; and the continued financing of the Feasibility Study; and the anticipated analytical results of the current drilling program. While Copper Fox considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties

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and contingencies. Additionally, there are known and unknown risk factors which could cause Copper Fox's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, among others: the feasibility study may not be completed within the expected timeframe, or at all; the actual mineralization in the Schaft Creek deposit may not be as favourable as suggested by the interpretation of the results of the high resolution airborne magnetic survey; another deposit may never be discovered on Copper Fox's property, or contain anticipated mineralization, or mineralization of any significance at all; the Feasibility Study or the Environmental Assessment may not be completed within the contemplated time frame, or at all; the possibility that the analytical results from the core sampling does not return significant grades of copper mineralization; the possibility that future drilling on the Schaft Creek project may not occur on a timely basis, or at all; fluctuations in copper and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, and estimated economic return; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals.

A more complete discussion of the risks and uncertainties facing Copper Fox is disclosed in Copper Fox's continuous disclosure filings with Canadian securities regulatory authorities at www.sedar.com. All forward-looking information herein is qualified in its entirety by this cautionary statement, and Copper Fox disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.