

COPPER FOX METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED JANUARY 31, 2012

April 19, 2012

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 months ended January 31, 2012 and related notes thereto and the 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 11). The effective date of this MD&A is April 19, 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 in northwest British Columbia, Canada.

Copper Fox holds title and a 100% working interest in the Schaft Creek project consisting of 39,507.67 hectares (97,626 acres). Included in this total are the "Schedule A" mineral tenures (8,334.34 hectares (20,594 acres) originally conveyed to Copper Fox pursuant to the 2002 Option Agreement. The "Schedule A" mineral tenures are 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 (\$74.8 million to January 31, 2012) 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.

The remainder of the mineral tenures totaling 31,173.32 hectares (77,031 acres) have been obtained by Copper Fox through mineral tenure acquisitions and mineral tenure purchase agreements. Some of these mineral tenures are subject to inclusion within the Schaft Creek project under the terms of the Area of Interest provisions of the Option Agreement.

Highlights for the Quarter Ended January 31, 2012

Drilling Program

During the quarter, the Company announced the final assay results from the 2011 drill program and recently completed metallurgical testwork on the Paramount zone of the Schaft Creek deposit. The interpretation that the Schaft Creek Mineral Resource could host other deposits is strongly supported by the mineralization in DDH CF422-2011, which represents the "discovery" of a new zone of mineralization on the Schaft Creek project. Although a considerable

amount of drilling is required to delineate and determine the significance of this discovery, the continuity of the mineralization and its location on the western edge of a large strong chargeability anomaly suggests that this zone could host a large zone of mineralization. This discovery not only marks a significant milestone in understanding the mineral potential of the Schaft Creek project, it also lends support to the interpretation that the other untested chargeability anomalies could represent additional zones of mineralization. The drilling completed toward the end of the 2011 program between the Paramount and Liard zones demonstrated the continuity of the mineralization along strike and at depth.

Resource Estimate

Preparation of an updated Resource Estimate for the Paramount and Liard zones is currently underway. The Resource Estimate is being performed by Tetra Tech Wardrop (Tetra Tech) and will include all assay results for the diamond drill holes completed in the Paramount and Liard zones at Schaft Creek during the 2011 program. The updated Resource Estimate will be included in the Feasibility Study. The 2011 assay results are expected to have a positive impact on the average grade and size of the Paramount zone. Additionally Copper Fox has asked Tetra Tech to review the data related to the silver content of the mineralization in both zones for inclusion in the updated Resource Estimate. The results of the updated resource estimate for the Paramount and Liard zones will be released on completion thereof.

Feasibility Study – Mining Plan

Subsequent to the end of the quarter, Copper Fox was advised by Tetra Tech that, due to manpower shortages and scheduling difficulties of staff, the March 31st timeline for completion of the Feasibility Study would not be achieved. The delay in completing the Mine Plan, the most critical component in the Feasibility Study, has delayed the completion of the Feasibility Study. The detailed mine plan is required to provide daily information such as productivity, delivery schedules and operating costs to allow completion of the economic analysis and sensitivity of the Schaft Creek project for the Feasibility Study. Other portions of the Feasibility Study are in progress and will be incorporated into the Feasibility Study on completion. It is expected that completion of the Feasibility study will be delayed until mid-late summer, 2012.

Future Operations

Copper Fox plans to complete the Feasibility Study as soon as possible with an expected completion in mid-late summer 2012 which will include the updated Resource Estimate that incorporates 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 2012 will be to:

- a) Complete the Feasibility Study on the Schaft Creek deposit;
- b) Complete an updated current mineral Resource Estimation on the Paramount zone to include the 2011 results; and
- c) Complete the 2012 exploration program which will incorporate the recommendations of the updated Resource Estimate, diamond drill test the other exploration targets and assess the regional mineral potential of the mineral claims acquired by Copper Fox in 2012.

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.

Period Overview

Revenues

The Company has no income producing assets and has not reported revenue from operations for any of the quarters ended January 31, 2012 and January 31, 2011. The Company is considered to be in the exploration and development stage.

Expenses

A comparison of the expenses incurred by Copper Fox for the quarters ended January 31, 2012 and January 31, 2011 is set out below. During the quarter ended January 31, 2012 Copper Fox incurred expenses of \$554,254 compared to \$367,495 for the quarter ended January 31, 2011.

	2011	2010
Expenses:		
Administration	\$ 237,170	\$ 192,953
Amortization and accretion	42,887	38,239
Professional fees	189,854	73,560
Processing fees	43,880	28,430
Rent	7,126	8,188
Stock based compensation	4,983	4,983
Travel	28,354	21,142
Loss before income taxes	\$ 554,254	\$ 367,495

The increase in expenses from the quarter ended January 31, 2011 to January 31, 2012 is mainly due an increase in professional fees, processing fees and administration fees which are related to the first time filing of an Annual Information Form.

Loss

Copper Fox incurred a net loss and comprehensive loss for the quarter ended January 31, 2012 of \$554,254 (2011 - \$726,833).

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 quarter ended January 31,

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2012 was 381,057,518 (2011 – 363,059,457) 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.

The loss per share for the three months ended January 31, 2012 was (0.00) (2011 – (0.00)).

Cash Position

At January 31, 2012, the Company had a working capital of \$2,021,736 and a deficit of \$14,567,593 and incurred a net loss of \$554,254 for the three months ended January 31, 2012. During the quarter ended January 31, 2012 the Company received \$6,239,000 in proceeds on private placements and the exercise of options. While these funds may be sufficient to complete the current planned activities, the Company may need additional equity in order to develop the property (See "Description of Business").

Mineral Properties

During the first quarter of October 31, 2009, the Company wrote down the carrying value of its mineral property by \$31 million based on the implied fair value of a proposed board approved transaction which was subsequently terminated due to non-performance by the other party. As at November 1, 2010, there were significant increases in the market value of the Company and the property value when compared to the first quarter of October 31, 2009. The Company considered this to be an indicator of impairment reversal for its mineral properties. Based on this assessment, the Company determined that the previous impairment should be reversed.

Total Assets

Total assets of the Company at January 31, 2012 are \$79,267,776 (October 31, 2011 - \$76,300,098). Since 2005, Copper Fox has incurred \$74.8 million to January 31, 2012 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.

Selected Financial Information

	Net Loss	Net (loss)/income per share - basic and diluted
<u>2012</u>		
First Quarter	\$ (554,254)	\$ 0.00
<u>2011</u>		
Fourth Quarter	\$ (1,018,883)	\$ (0.01)
Third Quarter	\$ (504,862)	\$ 0.00
Second Quarter	\$ (2,380,574)	\$ (0.01)
First Quarter	\$ (726,833)	\$ 0.00

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 Schaft Creek property as well as corporate overheads generally occur far in advance of the project being put into production and generating cash flow. The financial requirements of Copper Fox related to development of the Schaft Creek project are mitigated to some extent by the obligations of Teck should they exercise their earn back right on the Schaft Creek property (see "Description of Business" above).

The Company's working capital, defined as current assets less current liabilities, was \$2,021,736 at January 31, 2012.

During the quarter, the Company raised a total of \$6,239,000 from the completion of private placements totaling \$6,200,000 and 50,000 options exercised for total proceeds of \$39,000. In addition, the Company issued 1,272,727 common shares for repayment of the balance of this loan of \$1,400,000. While these funds may be sufficient to complete the current planned activities, the Company may need additional equity in order to develop the property (Refer to Teck Earn Back Option).

As of January 31, 2012, the Company has warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Fair Value	Number of Warrants	Fair Value Amount	Exercise Amount
\$ 0.75	26-Nov-12	\$ 0.47	126,833	\$ 60,013	\$ 95,125
1.50	30-Sep-12	0.19	1,851,852	344,335	2,777,778
1.50	31-Oct-12	0.42	1,481,482	615,259	2,222,223
1.35	13-Dec-12	0.48	3,278,689	1,587,604	4,426,230
1.25	30-Jan-13	0.42	2,000,000	845,919	2,500,000
			8,738,856	\$ 3,453,130	\$ 12,021,356

Off Balance Sheet Arrangements

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

Period	Feb 1, 2012 - Oct 31, 2012	Nov 1, 2012 - Oct 31, 2013	Nov 1, 2013 - Jun 30, 2014
Amount	\$ 140,078	\$ 113,818	\$ 18,406

Financial Instruments

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

Related Party Transactions

During the quarter ended January 31, 2012 directors and officers of the Company incurred \$177,183 (2011 - \$162,500) for management and technical services on behalf of the Company. At January 31, 2012 \$28,540 (2011 - \$25,813) is included in accounts payable.

In addition, \$108,613 of legal fees were paid during the quarter ended January 31, 2012 (2011 - \$71,559) to a law firm of which one of the Company's Directors is a partner. At January 31, 2012 \$54,051 (2011 - \$24,034) is included in accounts payable.

The Company subleases part of its Calgary office to a Corporation with a common Director. Additionally, the Company sub leases part of its Vancouver office to a Corporation with a common Officer.

Mineral Property

As of January 31, 2012, the Company has incurred \$74.8 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 is responsible for arranging property financing including that of Copper Fox. A comparison and detail of these expenditures related to the Schaft Creek property for 2012, 2011 is as follows:

	Expenditures November 1, 2011 to January 31, 2012	Expenditures November 1, 2010 to October 31, 2011
Drilling Program/camp activities	\$ 1,663,906	\$ 11,404,933
Environmental Program	134,409	860,951
Feasibility Study	845,791	1,998,185
Social License	24,169	211,995
Geology, Engineering, Metallurgy	326,854	450,692
Testing, Assaying, Mapping, Etc.	224,397	603,903
Miscellaneous	67,679	272,547
Capital Compensation	-	586,924
	\$ 3,287,205	\$ 16,390,130

Significant Accounting Policies

The significant accounting policies used by the Company are disclosed in the notes to the Company's 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 of 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 has presented its financial statements in accordance with IFRS for its fiscal year beginning November 1, 2011, including 2010 IFRS compliant comparative financial results.

The Company has completed the IFRS scoping and the impact assessment analysis. The major financial impact areas for the Company are:

1. Property and equipment – evaluation of componentization of assets and derecognition of assets did not 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 considered the appropriate approach and no adjustments were 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 was reviewed and the impairment on the mineral property was 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 has made the 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 analyzed 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 considered the appropriate approach and no adjustments were necessary upon transition to IFRS;
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 made the appropriate adjustment.

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 and how it manages those risks.

World Economic Uncertainty

While certain economies and business sectors are recovering from the recent economic slowdown experienced in 2008/2009, there remains stock market uncertainty and international credit difficulties 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.

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 387,172,246 were outstanding at January 31, 2012. The following table shows the detailed number of shares, options and warrants outstanding as of January 31, 2012 and changes that have occurred up to the date of this MD&A.

	As of 31-Jan-12	Change in 2012	Issued in 2012	As of 19-Apr-12
Common shares issued and outstanding	387,172,246		801,833	387,974,079
Common shares issuable upon exercise of stock options	10,510,000	(675,000)		9,835,000
Common shares issuable upon exercise of warrants	8,738,856	(126,833)		8,612,023
Common shares fully diluted	406,421,102	(801,833)	801,833	406,421,102

Subsequent Event

Subsequent to the quarter ended January 31, 2012, the Company acquired two groups of mineral tenures. The first group of approximately 4,741 hectares (24 mineral tenures) is contiguous to the north and south of the Schaft Creek project. The second group of approximately 700 hectares (2 mineral tenures) is located in the Mess Creek area.

Basis of Presentation

The accompanying financial statements of Copper Fox have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC"). The preparation of these interim financial statements is based on accounting policies and practices in accordance with IFRS. This is the Company's first IFRS interim financial statements for part of the period covered by the Company's first IFRS annual financial statements and the first time adoption of IFRS has been applied (Note 10). The condensed interim financial statements do not contain

all information and disclosures required by IFRS for full annual financial statements.

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 includes statements about the completion of an Environmental Assessment Application, the completion of an updated National Instrument 43-101 compliant Resource Estimate; the timing of and completion of a Feasibility Study; the possibility that Schaft Creek hosts other deposits, and the size of such deposits, as suggested by the mineralization in DDHCF422-2001; untested chargeability anomalies representing additional zones of mineralization; the impact of the 2011 assay results on the average grade and size of the Paramount zone; the review by Tetra Tech of the silver content of the mineralization in the Paramount and Liard zones for inclusion in the updated resource estimate; diamond drill testing on other exploration targets; the regional mineral potential of the mineral claims acquired by Copper Fox in 2012; Copper Fox's belief that it will be able to raise the capital required to continue its operations and objectives through the continued exercise of its outstanding options and warrants or through the public market; the completion of a detailed mine plan by Tetra Tech; a Resource Estimate update by Tetra Tech; 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 timing and scope of expected diamond drilling; 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.

In connection with the forward-looking information contained in this MD&A, Copper Fox has made numerous assumptions, regarding, among other things: the potential mineralization in the Schaft Creek deposit; 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; the continued financing of the Feasibility Study and Copper Fox' operations; the anticipated analytical results of the current drilling and metallurgical testing programs.. While Copper Fox considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties 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 actual mineralization in the Schaft Creek deposit may not be as favourable as suggested; another deposit may never be discovered on Copper Fox's property, or contain anticipated mineralization, or mineralization of any significance at all; a detailed mine plan may not be completed in a timely manner, or at all; the Feasibility Study may not be completed within the contemplated time frame, or at all; the Environmental Assessment Application may not be completed in a timely manner, or at all; an updated Resource Estimate may not be obtained in a timely manner, or at all; the mineralization in DDHCF422-2011 may not support actual mineralization at Schaft Creek project that is of any benefit to Copper Fox; other untested chargeability anomalies may not represent any additional zones of mineralization; the newly acquired mineral tenures may not contain any significant mineralization or be of any benefit to Copper Fox; the 2011 assay result may not have a positive impact on the average grade and size of the Paramount zone deposit; the silver mineralization in the Paramount and Liard zones may not be included in the updated resource estimate; the possibility that future drilling on the Schaft Creek project may not occur on a timely basis, or at all; fluctuations in copper, the completed drill holes for which analytical results are not available may not return significant concentrations of either copper, gold, molybdenum or silver; commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of the metallurgical testwork, the uncertainty of the estimates of capital and operating costs, recovery rates, and estimated economic return; Copper Fox may not be able obtain additional financing to continue its operations and develop its properties; the uncertainty as to the availability and terms of future financings; 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.