

COPPER FOX METALS INC.

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

September 25, 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 and nine months ended July 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 13). The effective date of this MD&A is September 25, 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 (TSX-V:CUU) with a corporate office in Calgary and an operations office in Vancouver and is involved in the exploration and development of the Schaft Creek copper-gold-molybdenum-silver deposit located in northwest British Columbia, Canada.

The Company is working on completing a feasibility study on the Schaft Creek mineral deposit, one of the largest undeveloped copper, gold, molybdenum and silver deposits in North America. The feasibility study is being led by Tetra Tech Wardrop on a minimum 120,000 tpd open pit mine.

Copper Fox holds title and a 100% working interest in the Schaft Creek project consisting of 55,779.56 hectares (137,834 acres). Included in this total are the "Schedule A" mineral tenures originally conveyed to Copper Fox pursuant to the option agreement dated January 1, 2002 between Teck Resources Limited ("Teck") and Copper Fox (the "Teck Option Agreement"), which consist of 8,334.34 hectares (20,594 acres). 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, together with the additional mineral tenures obtained by Copper Fox within the "Area of Interest" and an earn back option held by 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%, Teck is required to fund subsequent property expenditures up to a total of 400% of those incurred by Copper Fox (\$84.9 million to July 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 Copper Fox's registered interests in mineral tenures in British Columbia total 47,445.22 hectares (117,240 acres). These interests have been acquired by Copper Fox through mineral tenure acquisitions and mineral tenure purchase agreements subsequent to Copper Fox entering into the Teck Option Agreement. Expenditures and acquisition costs on these tenures have not been included in the "Teck" expenditures related to Schaft Creek.

Highlights for the Quarter Ended July 31, 2012

During the Quarter, the Company achieved a significant milestone with the completion of an updated resource estimate on the Schaft Creek deposit which includes the silver component in the mineralization. The inclusion of the silver component is expected to have a small but positive impact on the economics of the Schaft Creek deposit. In addition to the updated resource estimate, work on the feasibility study concentrated primarily on preparation of an optimized mine plan, a fundamental part of a feasibility study. A substantial portion of the other parts of the feasibility study were completed during the quarter. In addition there was continuing progress on the preparation of the Environmental Assessment Application together with discussions with BC Hydro.

Resource Estimate

In May 2012, Tetra Tech Wardrop ("Tetra Tech") completed the Updated Resource Estimate for the Schaft Creek deposit including the Paramount and Liard zones. For a more detailed review of the Updated Resource Estimate, please see Copper Fox's news release dated May 31, 2012. Highlights for the Updated Resource Estimate are:

- a) The Measured Resource is 146.6 million tonnes grading 0.31% copper, 0.017% molybdenum, 0.24g/t gold and 1.78g/t silver containing 1.0 billion pounds copper, 55.6 million pounds molybdenum, 1.15 million ounces gold and 8.40 million ounces silver;
- b) The Indicated Resource is 1.08 billion tonnes grading 0.26% copper, 0.017% molybdenum, 0.18g/t gold and 1.68g/t silver containing 6.1 billion pounds copper, 399.7 million pounds molybdenum, 6.22 million ounces gold and 58.34 million ounces silver;
- c) The combined Measured and Indicated Resource are 1.23 billion tonnes grading 0.26% copper, 0.017% molybdenum, 0.19g/t gold and 1.69g/t silver containing 7.11 billion pounds copper, 455.3 million pounds molybdenum, 7.37 million ounces gold and 66.74 million ounces silver; and
- d) The Inferred Resource is 597.2 million tonnes grading 0.22% copper, 0.016% molybdenum, 0.17g/t gold and 1.65g/t silver containing 2.87 billion pounds copper, 206.3 million pounds molybdenum, 3.36 million ounces gold and 31.60 million ounces silver.

Cautionary Note to Investors

While the terms "measured (mineral) resource", "indicated (mineral) resource" and "inferred (mineral) resource" are recognized and required by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, investors are cautioned that except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded into mineral reserves. Additionally, investors are cautioned that inferred mineral resources have a high degree of uncertainty as to their existence, as to whether they can be economically or legally mined, or will ever be upgraded to a higher category.

2012 Exploration Program

During the Quarter the 2012 exploration program for the Schaft Creek project commenced. The program consisted of diamond drill testing two chargeability anomalies and completing surface mapping and sampling and stream sediment sampling and a further interpretation of the airborne and surface geophysical surveys completed on the Schaft Creek project in 2011 and 2012. The objective of this program was to test the area referred to as the Schaft Creek Mineral

Trend to determine its potential to host additional copper deposits and to determine the source of the chargeability anomalies outlined by the 2011 Titan-24 surveys that occur over a 4 kilometre distance north of the Schaft Creek deposit.

The Titan-24 surveys completed over the Schaft Creek deposit defined a chargeability anomaly which shows a strong correlation to the copper mineralization intersected by the diamond drilling program completed on the Schaft Creek deposit. At the end of the 2011 drilling program on the Paramount zone of the Schaft Creek deposit, approximately 500m of this anomaly had been tested and the eastern portion of the anomaly (approximately 300m wide) has not been drilled out. The block model outlined in the 2012 Updated Resource Estimate clearly shows that the mineralization in the Paramount zone and to a lesser extent in the Liard zone continues to the east into the chargeability anomaly.

No drilling was planned for the Schaft Creek deposit during 2012. Positive results from a drilling program if considered material could have changed the Resource Estimate for the Schaft Creek deposit which would have dictated the need to update the Resource Estimate based on 2012 drill results, thereby suspending work on the feasibility study pending the updating of the Resource Estimate.

The 2012 program focused on the Schaft Creek Mineral Trend that extends from the north end of the Schaft Creek deposit for a distance of approximately 7 kilometres to the north. Two diamond drills worked on the Discovery zone and the Mike zone while at the same time mapping and sampling was completed on the 6 kilometers long area encompassing from the ES zone to the north end of the GK zone. The mapping and sampling located a significant number of mineralized outcrops and mineralized boulders in stream beds, the source of which is upstream.

Diamond drilling tested the chargeability anomalies referred to as the Discovery zone and the Mike zone. A total of 2,261m of drilling was completed in six drill holes; four holes on the Discovery zone and two holes on the Mike zone. As of the date of the MD&A analytical results have been received for two of the drill holes completed in the Discovery Zone. Results are as follows:

- Diamond drill hole (DDH) CF427-2012 intersected 0.625% copper, 0.59 g/t gold, 2.02 g/t silver and 0.006% molybdenum (1.01% copper equivalent) over a core length of 47m starting at a core interval of 509m;
- DDH CF427-2012 intersected 0.24% copper, 0.14g/t gold, 0.58g/t silver and 0.006% molybdenum (0.36% copper equivalent) over an interval of 336.72m starting at a core interval of 428.12m;
- DDH CF426-2012 intersected 0.16% copper, 0.04g/t gold, 0.81g/t silver and 0.003% molybdenum (0.21% copper equivalent) over an interval of 689.11m starting at a core length of 76.55m;

The analytical results for the last four holes of the 2012 exploration program will be reported on receipt thereof.

Bell Copper

During the quarter, the Company announced that it had entered into a binding offer to purchase (the "offer") with Bell Copper Corporation ("Bell Copper") whereby Copper Fox would acquire 100% of Bell Copper's interests in the Van Dyke copper deposit located in Miami, Arizona and the Sombrero Butte property located in Pinal County, Arizona (together,

the "Properties"). Under the terms of the Offer; Copper Fox will acquire 100% of the Properties by paying to Bell Copper CDN\$2,000,000 in cash and assuming Bell Copper's continuing obligations in respect of the Properties.

Subsequent to the quarter ended July 31, 2012, the Company announced the partial closing of the acquisition from Bell Copper of 100% of Bell Copper's interests in the Sombrero Butte property located in Pinal County, Arizona (the "Sombrero Butte Copper Project") and all Bureau of Land Management (Arizona) lode claims (the "Van Dyke BLM Claims") that Bell Copper acquired which are adjacent to Bell Copper's interests in the Van Dyke copper deposit located in Miami, Arizona. Copper Fox acquired the Sombrero Butte Copper Project and Van Dyke BLM Claims by paying to Bell Copper the US-dollar equivalent of CDN\$1,000,000 in cash and assuming Bell Copper's continuing obligations in respect of the Sombrero Butte Copper Project and Van Dyke BLM Claims.

The acquisition of Bell Copper's interests in the Van Dyke copper deposit (the "Van Dyke Unpatented Mining Claims") is pending subject to Bell Copper completing the acquisition pursuant to the terms of the purchase and sale and royalty agreement between Bell Resources (Nevada) Corporation, a wholly-owned subsidiary of Bell Copper, and Bennu Properties, LLC, Albert W. Fritz Jr. and Edith Spencer Fritz (the "Bennu Vendors"), including payment by Bell Copper of US\$500,000 in cash to the Bennu Vendors on closing (refer Copper Fox's news release of July 9, 2012).

Land Acquisitions

During and subsequent to the quarter ended July 31, 2012 the Company acquired the following mineral tenures:

- (a) 4,514.78 hectares (16 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was \$25,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to repurchase half of the NSR for a cash payment of \$1.0 million such that the NSR is reduced from 2% to 1%.
- (b) 243.06 hectares (7 mineral tenures) are either within or contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was \$5,000 cash.
- (c) 8,577.82 hectares (29 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was \$20,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to repurchase half of the NSR for a cash payment of \$1.0 million such that the NSR is reduced from 2% to 1%.
- (d) 2,936.18 hectares (9 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was \$10,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to repurchase half of the NSR for a cash payment of \$1.0 million such that the NSR is reduced from 2% to 1%.

Feasibility Study

During the three months ended July 31, 2012, Tetra Tech and Moose Mountain Technical Services worked on completion of the optimized detailed mine plans for the Schaft Creek deposit. As this is a fundamental portion of the feasibility study detailing the material delivery to the mill, waste removal, number and size of haul trucks and shovels, identification and sequencing of the extraction of higher grade mineralization in the early stages of mining (higher grade starter pits), the level of work and detailed engineering required to meet feasibility study standards is substantial. In addition to the detailed mine plan, writing and editing of the other sections of the feasibility study was completed. Peer

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group and external reviews of the detailed mine plan will be required. On completion of this work, Economic Analysis of the project will be completed. On completion of this work, external and peer group reviews will be completed to insure consistency and check for errors and omissions.

Work associated with the preparation of the Environmental Assessment Application (the "EAA") progressed during the quarter during meetings held with provincial and federal authorities regarding various aspects of the EAA.

The construction of the Northern Transmission Line (the "NTL") to supply economical electrical power to the northwest portion of British Columbia commenced and is expected to be completed by spring 2014. The completion of the NTL is considered to be fundamental to the development of the large copper deposits located in northwest British Columbia. Discussions were held with BC Hydro on the terms and conditions surrounding participation and usage of electrical power from the NTL.

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 July 31, 2012 and July 31, 2011. The Company is considered to be in the exploration and development stage.

Expenses

During the quarter ended July 31, 2012 Copper Fox incurred expenses of \$1,328,328 compared to \$512,382 for the quarter ended July 31, 2011. A comparison of the expenses incurred by Copper Fox for the three months ended July 31, 2012 and July 31, 2011 is set out below.

	2012	2011
Expenses:		
Administration	\$ 388,763	\$ 288,011
Amortization and accretion	45,213	38,389
Professional fees	320,465	100,230
Processing fees	29,139	26,196
Rent	17,954	7,711
Share based compensation	484,338	4,983
Travel	42,456	46,862
Loss before income taxes	\$ 1,328,328	\$ 512,382

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The increase in expenses from the quarter ended July 31, 2011 to July 31, 2012 is due to an increase in share based compensation which does not affect the cash flow of the Company and an increase in accounting fees due to the conversion to IFRS, an increase in legal fees and administration.

Loss

Copper Fox incurred a net loss and comprehensive loss for the three and nine months ended July 31, 2012 of \$1,328,328 (2011 - \$512,382) and \$2,396,873 (2011 - \$4,000,860).

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 nine months ended July 31, 2012 was 388,094,627 (2011 – 374,335,066) and 384,743,069 (2011 – 368,056,977) 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 and nine months ended July 31, 2012 was (\$0.00) (2011 – (\$0.00)) and (\$.01) (2011 – (\$0.01)).

Cash Position

At July 31, 2012, the Company had a working capital deficit of \$1,616,527 and a deficit of \$16,410,212 and incurred a net loss of \$1,328,328 and \$2,396,873 for the three and nine months ended July 31, 2012. During the nine months ended July 31, 2012 the Company received \$11,023,127 in proceeds on private placements and the exercise of warrants and options, additional funds will be required to complete the current planned activities. Subsequent to July 31, 2012, a Director closed a private placement for total funds of \$4,025,000.

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 July 31, 2012 are \$86,768,886 (October 31, 2011 - \$76,300,098). Since 2005, Copper Fox has incurred approximately \$84.9 million to July 31, 2012 in qualifying expenditures as per the Option Agreement with Teck to collect the data, complete studies and the engineering work 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>		
Third Quarter	\$ (1,328,328)	\$ 0.00
Second Quarter	\$ (514,292)	\$ 0.00
First Quarter	\$ (554,254)	\$ 0.00
<u>2011</u>		
Fourth Quarter	\$ (1,018,883)	\$ (0.01)
Third Quarter	\$ (512,382)	\$ 0.00
Second Quarter	\$ (2,380,574)	\$ (0.01)
First Quarter	\$ (726,833)	\$ 0.00
<u>2010</u>		
Fiscal Year	\$ (1,614,027)	\$ 0.00
Fourth Quarter	\$ (421,346)	\$ 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 deficit, defined as current assets less current liabilities, was \$1,616,527 at July 31, 2012.

During the nine months ended July 31, 2012, the Company raised a total of \$11,023,127 from the completion of private placements totaling \$10,680,000, 725,000 options exercised for total proceeds of \$248,002 and 126,833 warrants for total proceeds of \$95,125. In addition, the Company issued 1,272,727 common shares for repayment of a loan of \$1,400,000. Additional funds will be required to complete the current planned activities and the Company may need additional equity in order to develop the project (Refer to Teck Earn Back Option).

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As of July 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
\$ 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
1.25	20-Jul-13	0.34	4,000,000	1,364,198	5,000,000
			12,612,023	\$ 4,757,315	\$ 16,926,231

Off Balance Sheet Arrangements

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

Period	Aug 1, 2012 - Oct 31, 2012	Nov 1, 2012 - Oct 31, 2013	Nov 1, 2013 - Jun 30, 2014
Amount	\$ 35,610	\$ 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 three and nine months ended July 31, 2012 directors and officers of the Company incurred \$293,858 (2011 - \$195,447) and \$663,279 (2011 - \$636,172) for management and technical services on behalf of the Company. At July 31, 2012 \$21,784 (2011 - \$13,105) is included in accounts payable.

Also, during the quarter ended July 31, 2012 a Company controlled by a Director's family member loaned the Company \$2,000,000. The loan bears no interest and has no fixed terms of repayment.

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 July 31, 2012, the Company has incurred approximately \$84.9 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

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project 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 July 31, 2012	Expenditures November 1, 2010 to October 31, 2011
Drilling Program/camp activities	\$ 5,468,794	\$ 11,404,933
Environmental Program	850,115	860,951
Feasibility Study	2,411,865	1,998,185
Social License	72,473	211,995
Geology, Engineering, Metallurgy	659,754	450,692
Testing, Assaying, Mapping, Etc.	578,050	603,903
Miscellaneous	259,946	272,547
Capital Compensation	171,197	586,924
	\$ 10,472,194	\$ 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.

IFRS

While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and financial performance. Set out in the financial statements ended July 31, 2012 is how the transition from Canadian GAAP to IFRS has affected the Company's statement of financial position and statement of cash flows as at July 31, 2011 and statement of comprehensive loss for the three and nine months ended July 31, 2011.

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 share-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 387,974,079 were outstanding at July 31, 2012. The following table shows the detailed number of shares, options and warrants outstanding as of July 31, 2012 and changes that have occurred up to the date of this MD&A.

	As of 31-Jul-12	Issued in 2012	As of 25-Sep-12
Common shares issued and outstanding	391,974,079	3,500,000	395,474,079
Common shares issuable upon exercise of stock options	10,785,000		10,785,000
Common shares issuable upon exercise of warrants	12,612,023	3,500,000	16,112,023
Common shares fully diluted	415,371,102	7,000,000	422,371,102

Subsequent Event

Subsequent to July 31, 2012, the Company announced closing of a financing by an insider. The financing consisted of the issuance of 3,500,000 units at a purchase price of \$1.15 per unit, for aggregate net proceeds of \$4,025,000. 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 CDN \$1.25 prior to 5:00 PM September 10, 2013.

Also subsequent to July 31, 2012, the Company announced that it intends to complete a non-brokered private placement to raise up to CDN \$4,000,000. The Offering is expected to consist of 3,478,261 units at a purchase price of \$1.15 per unit, for aggregate gross proceeds of \$4,000,000. Each unit consists of one common share 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 CDN\$1.25 prior to 5:00 pm on the one year anniversary of the closing date of the Offering.

In addition, subsequent to July 31, 2012, the Company announced the closing of the acquisition from Bell Copper Corporation ("Bell Copper") of 100% of Bell Copper's interests in the Sombrero Butte property located in Pinal County, Arizona (the "Sombrero Butte Copper Project") and all Bureau of Land Management (Arizona) lode claims (the "Van Dyke BLM Claims") that Bell Copper acquired which are adjacent to Bell Copper's interests in the Van Dyke copper deposit located in Miami, Arizona. Copper Fox acquired the Sombrero Butte Copper Project and Van Dyke BLM Claims by paying to Bell Copper the US-dollar equivalent of CDN\$1,000,000 in cash and assuming Bell Copper's continuing obligations in respect of the Sombrero Butte Copper Project and Van Dyke BLM Claims.

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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 recently completed updated resource estimate for the Schaft Creek deposit including the Paramount and Liard zones; the quantum and quality of porphyry style copper-gold-silver-molybdenum deposits at the Schaft Creek property; the scope and completion of the 2012 exploration program; conditions in the financial markets; the timing and completion of a the Feasibility Study; the scope and timing of work on the outstanding sections of the Feasibility Study; completion of an Environmental Assessment Application; the regional mineral potential of the mineral claims acquired by Copper Fox in 2012; the potential to find additional porphyry style copper deposits within the Schaft Creek property; the acquisition of Bell Copper's Sombrero Butte property in Arizona and the pending acquisition of Bell Copper's Van Dyke property in Arizona; ongoing obligations of Copper Fox in connection with the Van Dyke and Sombrero Butte acquisitions; the acquisition of additional mineral tenures in 2012; 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 measured mineral resources, indicated mineral resources and inferred mineral resources 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 (including properties in Arizona), or contain anticipated mineralization, or mineralization of any significance at all; the Feasibility Study may not be completed within the contemplated time frame, or at all; the Environmental Assessment Application may not be obtained in a timely manner, or at all; the possibility that future drilling on the Schaft Creek project may not occur on a timely basis, or at all; the possibility that the Van Dyke acquisition may not complete 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; conditions in the financial markets and overall economy may continue to deteriorate; 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; 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.