

COPPER FOX METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JANUARY 31, 2014

March 12, 2014



Management's Discussion and Analysis
Three Months Ended January 31, 2014

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 consolidated financial statements for the three months ended January 31, 2014 and related notes thereto and the audited annual consolidated financial statements for the year ended October 31, 2013 and related notes thereto and management discussion and analysis thereon.

Technical and corporate 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 8).

The effective date of this MD&A is March 12 2014. All amounts are in Canadian dollars unless otherwise stated.

Description of Business

Copper Fox is a Canadian resource development company listed on the TSX-Venture Exchange (TSX-V: CUU) with offices in Calgary, Alberta and Miami, Arizona for its 100% owned subsidiary Desert Fox Copper Inc. ('Desert Fox'). Copper Fox's primary asset is its 25% interest in the Schaft Creek Joint Venture with Teck Resources Limited ('Teck') on the Schaft Creek copper/gold/molybdenum/silver project located in northwestern British Columbia.

For corporate planning purposes, the Company established Desert Fox to manage all future exploration/development activities as well as any equity or working interest acquired in other significant copper projects in North America. Desert Fox and its wholly-owned subsidiaries, hold mineral tenures located in Pinal County, Arizona (the 'Sombrero Butte Copper Project') and in Gila County, Arizona (the 'Van Dyke Copper Project'), both located in the Arizona porphyry copper belt. To date the Company has not earned any revenues from these activities and is considered to be in the exploration and development stage.

The Company currently operates through Desert Fox, and will utilize its unallocated cash to advance the Arizona copper assets with the majority of the effort on the Van Dyke oxide copper deposit. The historical data strongly suggests that the Van Dyke oxide copper deposit could be exploited using in-situ leaching, a production method widely used in the mining industry and currently being advanced and used on other copper projects in Arizona. The in-situ leaching method is environmentally friendly and requires lower capital costs resulting in a low operating cost per pound of metal produced. Desert Fox's objective is to complete, as soon as possible, the work required to prepare a Preliminary Economic Assessment technical report on the Van Dyke project to estimate a preliminary valuation for this project.

Highlights for the Three Months Ended January 31, 2014

Schaft Creek Project

During the quarter, the results for the 2013 program were released. Although the 2013 field program completed fewer metres than planned, the objectives of the 2013 program were essentially achieved. The objectives of this program were to determine if the mineralization in the Paramount zone continues to the east under Mount LaCase and to collect additional data for pit slope stability studies. The diamond drilling program demonstrated that the mineralization

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in the Paramount zone extends at least 300m east of the 2012 resource block model and also marginally to the west. Results of the pit slope studies were also positive.

The 2014 plans for the Schaft Creek project are currently under review and should be finalized by the end of March 2014, well in advance of the time to complete a field program. Preliminary indications are that the Operator of the Schaft Creek Joint Venture plan to recommend a program of optimization studies as well as a field program to update the geological model and better define certain parameters of the Schaft Creek deposit.

Van Dyke Copper Project

During the quarter, the Company initiated a program to verify the historical results from the Van Dyke oxide copper deposit that consists of a 5,000m (approximately nine holes) diamond drilling program to twin seven historical drill holes, as well as submitting pulps from original drill core samples and splitting the mineralized core interval for certain historical drill holes (see table below). Modelling of the Van Dyke oxide copper deposit, based on information contained in the historical estimate, suggest that the copper mineralization is open to extension in several directions that have not been explored by diamond drilling. Based on the results of the sampling and the verification drill program, Moose Mountain Technical Services (‘MMTS’), the consulting group retained to work on the Van Dyke oxide copper deposit, plan to use the new data to verify the accuracy of the historical information and then to complete a NI 43-101 compliant resource estimation for the Van Dyke oxide copper deposit. Hydrogeological and geotechnical data required for a Preliminary Economic Assessment will be collected and incorporated into the project data base. Contingent on the results of the initial drilling program, a follow-up 25 hole drilling program has been proposed for the Van Dyke deposit.

DDH ID	From (m)	To (m)	Interval (m)	Total Cu %	Oxide Cu%	Sulfide Cu%
OXY-2	402.64	419.10	16.46	0.422	0.345	0.077
OXY-2	463.30	494.69	31.39	0.923	0.472	0.451
OXY-6	376.12	582.17	206.05	0.574	0.481	0.093
OXY-8	313.94	442.26	128.32	0.634	0.301	0.333
OXY-15	405.69	451.41	45.72	0.605	0.550	0.055
OXY-17B	336.19	396.85	60.66	0.772	0.480	0.292
OXY-27	524.26	661.42	137.16	0.329	0.271	0.058
VD-6	364.54	500.48	135.84	0.330	0.273	0.057

Note: The core intervals listed in the above tables do not represent true widths.

The proposed verification drill holes cover an 800m wide east-west and 500m long north-south section through the deposit. Applications for the various permits required to conduct a diamond drilling program has commenced and selection of a diamond drill contractor is complete. The drilling is expected to start in March 2014.

Historical Results Van Dyke Project

The Van Dyke project is located in the Globe-Miami District in the Arizona porphyry copper belt. In the early 1900s, the property is reported to have produced 11.8 million pounds of copper between 1929 and 1945 from oxide copper mineralization at a reported grade of 5.0 % copper. Between 1988 and 1989 Kocide Chemicals recovered 4 million pounds of copper from the Van Dyke copper deposit utilizing an in-situ leaching mining method.



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Between 1968 and 1973, Occidental Minerals Corporation ('Occidental') and a number of other companies drilled 70 exploration holes (sixty-two of which encountered measureable copper mineralization) on the Van Dyke property of which 46 holes were used to complete an historical estimate of 112,000,000 tons at a grade of 0.52% copper (estimated to contain 1.2 billion pounds of copper) using a 0.2% copper cutoff. The parameters used by Occidental to complete the historical estimate were: (1) the mineralization was extrapolated a maximum distance of 400 feet from a drill hole; (2) copper grades were capped at 2.5%; (3) a tonnage factor of 12.5 cubic feet per ton; and (4) a polygonal method. The minimum mineralized interval used in the historical estimate was 15 feet depending on trend, geology and grade of adjacent mineralized intercepts. The historical estimate is set out in a report entitled "Report and Recommendations for the Van Dyke Copper Project, Arizona", dated December 12, 1973 prepared by Mr. J. A. Johnston, Geologist.

Copper Fox cautions that a Qualified Person has not done sufficient work to classify the Van Dyke historical estimate as a current resource estimate. Copper Fox is not treating the Van Dyke historical estimate as a current resource estimate. The work completed by Occidental has not been verified by Copper Fox and is not considered reliable when compared with National Instrument 43-101 ('NI 43-101') standards.

The objectives of the program for the Van Dyke oxide copper deposit proposed by MMTS is to confirm the extent and grade of the mineralization and accuracy of the assays used in the historical estimate as well as collect additional density measurements and perform metallurgical testwork to upgrade the Van Dyke historical estimate to a current mineral resource.

Sombrero Butte Copper Project

The Sombrero Butte property consists of 3,342 acres located in the Bunker Hill Mining District of Arizona, 44 miles northeast of Tucson, Arizona. The project is located 9 miles east of the San Manuel Mine (14 billion lbs Cu), and 2 miles south of Redhawk Resources' Copper Creek project (7 billion lbs Cu).

Desert Fox's objective on the Sombrero Butte project is to assess its potential to host a large porphyry copper-molybdenum deposit. During 2013, Desert Fox completed a surface mapping and sampling program that identified strong alteration patterns and veinlet and disseminated copper-molybdenum mineralization characteristic of a porphyry copper system. Currently, Desert Fox is collecting all the data from the historical exploration conducted over this area since the mid 1960's. Contingent on completion and review of this work, Desert Fox plans to complete a deep penetrating geophysical survey (Induced Polarization) to identify chargeability/resistivity anomalies indicative of porphyry copper systems. In March 2014, the Company received the permit from the State of Arizona to conduct a Titan-24 Survey.

Previous exploration on this project located 25 breccia pipes which elsewhere in the district overlie associated porphyry copper systems. The source of the mineralized breccia pipes is interpreted to be one or more underlying porphyry copper systems. Between 2006 and 2008, 29 of 34 holes drilled to test 8 breccia pipes intersected significant copper mineralization over core intervals ranging from 2m to 72m with average copper grades ranging from 0.37% to 5.85%, for these intervals. The mineralization in these breccia pipes remains open at depth.

Elmer B. Stewart, MSc. P. Geol., President of Copper Fox, the Company's nominated Qualified Person pursuant to



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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 either of the quarters ended January 31, 2014 and January 31, 2013. The Company is considered to be in the exploration and development stage.

Expenses

During the three months ended January 31, 2014 Copper Fox incurred expenses of \$469,429 compared to \$525,595 for the three months ended January 31, 2013. A comparison of the expenses incurred by Copper Fox for the quarters ended January 31, 2014 and January 31, 2013 is set out below:

	2014	2013
Expenses:		
Administration	\$ 361,881	\$ 327,396
Amortization and accretion	10,204	35,867
Professional fees	97,344	155,286
Share based compensation	-	7,046
Loss before income taxes	\$ 469,429	\$ 525,595

The decrease in expenses for the three months ended January 31, 2014 compared to the three months ending January 31, 2013, is due to a decrease in professional fees related to a decrease in corporate activity and the completion of the Teck agreement. In addition, there is a decrease in depreciation expense associated with the cash payment from Teck which is a non-cash items.

Loss/Income

Copper Fox had a net loss and comprehensive loss for the three months ended January 31, 2014 of \$182,095 (2013 - \$525,595).

Loss/Income per Share

Loss/income per share is computed by dividing net loss/income for the period by the weighted average number of shares outstanding. In computing loss/income per share the weighted average number of shares outstanding during the three months ended January 31, 2014 is 404,740,044 (2013 – 388,148,045). 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/income per share for the three months ended January 31, 2014 was \$0.00 (2013 – \$0.00).

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Total assets of the Company at January 31, 2014 are \$78,719,627 (October 31, 2013 - \$78,937,779).

Selected Unaudited Quarterly Financial Information

	Net Loss	Net (loss)/income per share - basic and diluted
<u>2014</u>		
First Quarter	\$ (182,095)	\$ 0.00
<u>2013</u>		
Fourth Quarter	\$ (636,715)	\$ 0.00
Third Quarter	\$ 3,117,445	\$ 0.01
Second Quarter	\$ (697,664)	\$ 0.00
First Quarter	\$ (525,595)	\$ 0.00
<u>2012</u>		
Fourth Quarter	\$ (812,324)	\$ 0.00
Third Quarter	\$ (1,328,328)	\$ 0.00
Second Quarter	\$ (514,292)	\$ 0.00

The decrease in loss for the first quarter of 2014 and for the fourth quarter of 2013 is mainly due to an unrealized gain on foreign exchange. Income in the third quarter of 2013 is primarily due to a future income tax adjustment. The increase in loss for the second quarter of 2013 is primarily due to legal fees relating to the Arizona acquisition. The increase in loss in the third and fourth quarters of 2012 is due to share based compensation expense which does not affect the cash flow of the Company.

Liquidity and Capital Resources

At January 31, 2014, the Company had working capital of \$12,149,874 and a deficit of \$16,017,886 and had a net loss and comprehensive loss of \$182,095 for the three months ended January 31, 2014.

Off Balance Sheet Arrangements

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

Period	Feb 1, 2014 - Jun 30, 2014
Amount	\$ 49,913

The Company is required to pay US \$520,000 under an acquisition agreement. The first payment of US \$130,000 is due on October 15, 2014 and on each October 15 thereafter with the final payment being in 2017.



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In the Schaft Creek joint arrangement, the Company is responsible for 25% of pre-production costs beyond \$60 million and 25% of capital costs following a production decision. Copper Fox's pro rata share of any pre-production costs in excess of \$60 million will be funded by Teck and the direct cash payments payable to Copper Fox will be reduced by an equivalent amount, and Teck will fund any additional costs incurred prior to a production decision, if required, by way of loan to Copper Fox to the extent of its pro rata share, without dilution to Copper Fox's 25% joint venture interest.

Related Party Transactions

During the three months ended January 31, 2014 directors and officers of the Company incurred \$66,000 (2013 - \$282,717) for management and technical services on behalf of the Company. At January 31, 2014 Nil (2013 - \$29,025) is included in accounts payable. Share based compensation issued to related parties during the three months ended January 31, 2014 was Nil options for a total fair market value of Nil (2013 - 365,000 options, \$67,303).

Mineral Property

All operations and expenditures on the Schaft Creek project in British Columbia are now allocated to the Schaft Creek Joint Venture of which Teck Resource Limited is the operator

A comparison and detail of expenditures related to the Arizona properties for 2014 and 2013 is as follows:

	Expenditures November 1, 2013 to January 31, 2014	Expenditures November 1, 2012 to October 31, 2013
Acquisition costs	\$ -	\$ 2,325,548
Permitting	2,978	57,775
Technical analysis	479,406	526,567
Foreign currency translation	287,334	-
	\$ 769,718	\$ 2,909,890

The decrease in expenditures is mainly due to the completion of the acquisitions.

Recent Accounting Pronouncements

The IASB issued a number of new and revised accounting standards that are effective for annual periods beginning on or after January 1, 2013. These standards include the following:

- i. IFRS 10, Consolidated Financial Statements;
- ii. IFRS 11, Joint Arrangements;
- iii. IFRS 12, Disclosure of Interests in Other Entities;
- iv. IFRS 13, Fair Value Measurement;
- v. Amended IAS 27, Separate Financial Statements;
- vi. Amended IAS 28, Investments in Associates and Joint Ventures; and



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vii. IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine.

These new and revised accounting standards have been adopted by Copper Fox, and the Company has determined there is no impact on its financial statements.

Share Capital

The Company is authorized to issue an unlimited number of common shares of which 404,740,044 were outstanding at January 31, 2014. The following table shows the detailed number of shares, options and warrants outstanding as of January 31, 2014 and changes (if any) that have occurred up to the date of this MD&A.

	As of 31-Jan-14	Change in 2014	As of 12-Mar-14
Common shares issued and outstanding	404,740,044	-	404,740,044
Common shares issuable upon exercise of stock options	5,825,000	-	5,825,000
Common shares issuable upon exercise of warrants	3,358,228	-	3,358,228
Common shares fully diluted	413,923,272	-	413,923,272

Cautionary Note Regarding Forward-Looking Information

This Management's Discussion and Analysis (MD&A) contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") within the meaning of applicable 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

Desert Fox's future exploration/development activities as well as any equity or working interest acquired in other significant copper projects in North America; the utilization of unallocated cash to advance Arizona copper assets (with the majority of effort on the Van Dyke oxide copper deposit); historical data on the Van Dyke deposit; the efficacy of in-situ leaching method (with respect to the environment, lower capital costs and low operating costs); Desert Fox's objective (including timing) to complete the work required to prepare a Preliminary Economic Assessment technical report on the Van Dyke project to estimate a preliminary valuation; timing of the finalization of the 2014 plans for the Schaft Creek project; the recommendation of a program of optimization studies as well as a field program to update the geological model and better define certain parameters of the Schaft Creek project; the program to verify the historical results from the Van Dyke oxide copper deposit and the completion of a NI 43-101 compliant resource estimation for the Van Dyke copper deposit; collection of hydro geological and geotechnical data required for a Preliminary Economic Assessment on the Van Dyke project; a follow-up 25 hole drilling program for the Van Dyke deposit; timing of the expected drilling program on the Van Dyke project; the upgrade of the Van Dyke historical estimate as a current mineral resource; objective on the Sombrero Butte project to assess its potential to host a large porphyry copper-molybdenum deposit; plans for a deep penetrating geophysical survey (Induced Polarization) to identify chargeability/resistivity anomalies indicative of porphyry copper systems at the Sombrero Butte project; expected capital requirements to continue planned activities; expected capital requirements to continue planned activities; expected sources and the adequacy of required capital resources; geological interpretations and potential mineral recovery processes.

In connection with the forward-looking information contained in this MD&A, Copper Fox has made numerous assumptions, regarding, among other things: 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 Copper Fox and Desert Fox's operations. 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: the Schaft Creek Joint Venture may not result in a Production Decision being made, or



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the construction of a mine; further exploration and development of the Schaft Creek property may not occur as expected; cash payments to Copper Fox may not be paid by Teck in the quantum or timing expected, or at all; financing commitments may not be sufficient to advance the Schaft Creek project as expected, or at all; proven and probable reserves at Schaft Creek may not be in the quantum as currently expected, or result in economic mining thereof; the possibility that future obligations with respect to the Sombrero Butte property may not be met on a timely basis, or at all; planned activities for the Van Dyke and Sombrero Butte properties may not commence as currently planned, or at all; a current (43-101 compliant) resource estimate, and a Preliminary Economic Assessment may never be obtained by the Company for the Van Dyke property; fluctuations in metal 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 and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs; and uncertainty of meeting anticipated program milestones.

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.