



*Management's Discussion and Analysis of Financial Condition and Results of Operation*

**For the Three and Nine Months Ended July 31, 2018 and 2017**

As at September 27, 2018

## **COPPER FOX METALS INC.**

*Management's Discussion and Analysis of Financial Condition and Results of Operation*

**For the Three and Nine Months Ended July 31, 2018 and 2017 (Expressed in Canadian Dollars)**

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### **1. 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 and nine months ended July 31, 2018 and the related notes thereto and the audited consolidated financial statements for the year ended October 31, 2017 and the related notes thereto.

All of the Company's material subsidiaries are wholly owned except for District Copper Corp. ("**District**") (**TSX-V: CUX**), of which the Company owns 39.51% of the outstanding common shares as at September 27, 2018. The consolidated financial statements include 100% of the assets and liabilities related to District and include a non-controlling interest representing 60.49% of District's assets and liabilities not owned by the Company. Accounting policies are applied consistently throughout all consolidated entities.

Technical and corporate information contained in this MD&A has previously been disseminated by way of news releases and are filed on Sedar at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.copperfoxmetals.com](http://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 3).

All amounts expressed are in Canadian dollars unless otherwise stated. The MD&A is current as of September 27, 2018 and was reviewed, approved and authorized for issue by the Company's Audit Committee on behalf of the Company's Board of Directors on the aforementioned date.

#### **Description of Business**

Copper Fox is a Canadian based resource company with a Tier 1 listing on the TSX Venture Exchange (**TSX-V: CUU**). The Company is focused on the exploration and development of copper projects in North America. The Company maintains its head office at Suite 650, 340 – 12<sup>th</sup> Avenue SW, Calgary, Alberta.

Copper Fox's wholly-owned subsidiaries are Desert Fox Copper Inc. ("**Desert Fox**") and Northern Fox Copper Inc. ("**Northern Fox**"). Desert Fox has an office space in Miami, Arizona and holds the US assets of the Company and Northern Fox holds the investment in District. Copper Fox's primary assets are its 25% interest in the Schaft Creek Joint Venture ("**SCJV**") with Teck Resources Limited ("**Teck**") on the Schaft Creek copper-gold-molybdenum-silver project located in northwestern British Columbia, its 100% owned Van Dyke, Sombrero Butte and Mineral Mountain copper projects and the Eaglehead copper-molybdenum-gold project through its controlling interest in District.

The Company established Desert Fox and Northern Fox in order to manage all future exploration and development activities, including any equity or working interest acquired in other mineral projects within North America. Desert Fox's wholly-owned subsidiaries; Van Dyke, Sombrero Butte and Mineral Mountain, all hold mineral tenures located in Pinal and Gila Counties, Arizona (which are all located in the Laramide age porphyry copper belt in Arizona). To date the Company has not earned revenues from any of these activities and these projects are still considered to be in the exploration and development stage.

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As at the date of this MD&A, Copper Fox's directors and officers are as follows:

<b>Directors</b>	<b>Officers and Position</b>	
Elmer B. Stewart (Chairman)	Elmer B. Stewart, President and Chief Executive Officer	
R. Hector MacKay-Dunn	Braden Jensen, Chief Financial Officer	
J. Michael Smith	J. Michael Smith, Corporate Secretary	
Ernesto Echavarria		
Erik Koudstaal		

  

<b>Audit Committee</b>	<b>Corporate Governance and Nominating Committee</b>	<b>Compensation Committee</b>
Erik Koudstaal (Chairman)	Elmer B. Stewart	R. Hector MacKay-Dunn
J. Michael Smith	Erik Koudstaal	J. Michael Smith
Ernesto Echavarria	R. Hector MacKay-Dunn	Ernesto Echavarria

### Qualified Person

Mr. Elmer B. Stewart, MSc. P. Geol., President and CEO of the Company, is the qualified person as defined under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") who has reviewed and approved all technical and scientific disclosure contained in this MD&A regarding the Company's mineral properties.

## 2. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "*forward-looking statements*" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. This MD&A contains forward-looking statements which reflect management's expectations and goals, as well as statements with respect to our belief, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

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Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities. Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict, therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements in light of the risk factors set forth below and as further detailed in the "Risks and Uncertainties" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects; the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of minerals, operating parameters and costs, receiving project permits and approvals, successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations; risks of litigation and other risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

### **3. NINE MONTHS ENDED JULY 31, 2018 HIGHLIGHTS AND SIGNIFICANT EVENTS**

- On November 17, 2017, District consolidated its share capital on the basis of one post consolidated common share for every two pre-consolidated common shares.
- On February 6, 2018, the Management Committee for the SCJV approved a \$0.8 million budget to complete among other activities; (i) desktop studies to investigate various scenarios in which to add value to the Schaft Creek project; (ii) collection of environmental data; and (iii) permitting and social activities. The objective of the desktop studies is to investigate the potential of a smaller scale, higher grade scenario for the Schaft Creek project.
- On February 12, 2018, the Company provided the results of the historical and current exploration data compilation for District's Eaglehead porphyry copper project. The compilation showed that in addition to the multiple zones of porphyry style mineralization located to date, two large,

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previously unexplored, exploration targets were defined and the porphyry mineralization has a similar age to other large porphyry copper deposits located in British Columbia. The data compilation concluded that several of the mineralization zones could be connected and that a significantly larger portion of the Eaglehead intrusion has the potential to host porphyry copper style mineralization than previously thought.

- On March 13, 2018, Bell Copper extinguished its loan outstanding. A total of \$187,829 was paid to Copper Fox, which was comprised of the principle balance owing of \$168,000 plus interest of \$19,829. On receipt of the payment, Copper Fox released its pledged security on the Kabba property back to Bell Copper.
- On March 27, 2018, Copper Fox announced a trench sampling program on its 100% owned Mineral Mountain copper project located near Florence, Arizona. The objective of the program was to determine the concentration and continuity of the copper mineralization observed in 20 trenches excavated during the 1970's, located within the 2016 mineralized area (see news release dated February 8, 2017).
- On March 29, 2018, District announced the closing of a private placement, which consisted of 18,750,000 units at a price of \$0.08 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share of District and one transferable share purchase warrant, which entitles the holder to purchase one additional common share of District at a price of \$0.12 for a period of two years following the date of closing.
- On April 30, 2018 Copper Fox announced the analytical results for eight of the re-sampled trenches for its 100% owned Mineral Mountain copper project. The data suggests that the mineralized area outlined in 2016 represented a "leach cap"; above a buried porphyry copper deposit; a feature typical of porphyry copper deposits in Arizona.
- On May 8, 2018, District acquired additional mineral tenures located contiguous to its 100% owned Eaglehead project.

Highlights of the transaction were:

- Approximately 2,400 ha in 3 mineral tenures located contiguous to the northern boundary of the Eaglehead project,
  - Purchase price consisted of \$15,000 and 3,900,000 shares of District,
  - The vendor will retain a 2% NSR on production from the project;
  - District retains the right to re-purchase up to 1.5% of the 2% NSR for a purchase price of \$1,000,000.
- On May 18, 2018, Copper Fox extended the expiry dates of 10,753,000 warrants outstanding. These warrants were originally issued in two separate tranches, on June 9, 2016 and June 30, 2016 respectively, with an original expiry date of two years. The new expiry date provides an additional one year extension. These warrants continue to be exercisable at their original exercise price.
  - On May 29, 2018, Copper Fox announced the analytical results for the remaining 12 re-sampled trenches on its 100% owned Mineral Mountain copper project. The trenching results combined

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with “geochemical vectoring” support the presence of a buried porphyry system on the Mineral Mountain project. This work also identified a drill target and aided the development of a geological model for the project.

- On June 18, 2018 Copper Fox closed its previously announced non-brokered private placement, raising aggregate gross proceeds of \$1,200,000 through the sale of 12,000,000 units at a price of \$0.10 per unit.

Each unit consists of one common share in the capital of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one common share for an exercise price of \$0.12 during the first 12 month period after the closing and \$0.15 during the second 12 month period after the closing. In the event that the 20-day volume weighted average price of the common shares listed on the TSX Venture Exchange is above \$0.20, the expiry date of the warrants will be accelerated to a date that is 30 days after the first date such threshold is met. The Offering included subscriptions by four insiders of the Company. Mr. Ernesto Echavarria, a director, insider and a control person of the Company purchased 7,200,000 Units. The common shares are subject to a hold period of four months plus one day from the date of the closing. Finders' fees of \$12,500 were paid with respect to this financing.

- On June 25, 2018, Copper fox announced the highlights of an updated compilation of exploration results for its 100% owned Mineral Mountain copper project. Two Laramide age porphyry copper style exploration targets have been identified.
- On July 3, 2018, the District changed its name from Carmax Mining Corp to District Copper Corp.
- On July 12, 2018, District issued 6,470,352 flow-through shares, pursuant to a private placement, for gross proceeds of \$549,980. Finder's fees of \$30,000, filing fees of \$1,382, legal fees of \$32,883 and the issuance of 352,942 finder's warrants were paid with respect to this financing. Each broker warrant is exercisable into one common share at \$0.085 until July 12, 2020.

#### *Subsequent to the Period Ended*

- On August 15, 2018, District announced that it had executed an agreement with an arm's length third party to acquire, subject to TSX Venture Exchange approval, a 100% interest in and to a 130 sq. km (521 claims (13,025 ha) land package referred to as the Stoney Lake East Project.

The Stony Lake East project is contiguous to and on strike with, Sokoman Iron Corporation's high-grade, low-sulfidation, epithermal-style Moosehead Gold Project located in the Province of Newfoundland.

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### **4. PROPERTY SUMMARY**

During Q3 2018, issues related to trading and the threat of tariff implementations amongst the largest economies of the world have had a negative effect on the copper industry. Since mid-June 2018 the spot price of copper has dropped to the \$2.80/pound range. The optimism seen in the copper sector in early 2018 has declined significantly over the past few months.

Despite the current issues facing the copper industry, simultaneous economic growth in a number of developed and developing countries, the electrification of cars and other “green initiatives”, are still forecasted to increase world copper consumption in the future.

In Q3 2018, activities were completed on the Schaft Creek and Mineral Mountain projects and technical support was provided to District Copper on its 100% owned Eaglehead porphyry copper project. No work was completed on either the Van Dyke or the Sombrero Butte projects during the quarter.

#### **Schaft Creek Project**

In July 2013, Copper Fox and Teck created the SCJV to further explore and develop the Schaft Creek project. Copper Fox's primary asset is a 25% working interest in the SCJV. The SCJV holds two main assets: i) the Schaft Creek copper-gold-molybdenum-silver project located in northwestern British Columbia and ii) an 85.41% equity interest in Liard Copper Mines (“**Liard**”). Liard holds a 30% Net Proceeds Interest in the Schaft Creek project subject to certain terms and conditions. Teck is the operator of the SCJV.

Under the SCJV agreement, Teck is required to make three cash milestone payments to the Company: (i) \$20 million upon entering into the agreement (received), (ii) \$20 million upon a production decision approving mine construction, and (iii) \$20 million upon completion of construction mine facilities.

The SCJV agreement provides that Teck and the Company are each responsible for their pro-rata share of project costs in accordance with their interests, except that Teck is solely responsible for the first \$60 million in pre-production costs. If pre-production costs exceed \$60 million, the Company's pro rata share of such costs will be set off against the two remaining cash milestone payments (totaling \$40 million) payable by Teck to the Company. If pre-production costs exhaust the two cash milestone payments, Teck will further assist the Company by providing loans, as necessary, without dilution to the Company's 25% joint venture interest.

By way of example, assuming the existing 75% interest held by Teck and the 25% interest held by the Company remain unchanged, pre-production expenditures on the Schaft Creek Project would have to exceed a cumulative total of \$220 million in order to eliminate the two cash milestone payments payable to the Company through set-off, after which Teck would be obligated to fund the Company's pro-rata share of additional pre-production costs by way of loan to the Company (at prime plus 2%).

On January 23, 2013, Copper Fox filed a NI 43-101 Technical Report entitled “Feasibility Study on the Schaft Creek Project, BC Canada” prepared by Tetra Tech with A. Farah, P.Eng. et al. as Qualified Persons. The Feasibility Study proposed a 130,000 tonne per day (“**TPD**”) flotation/open pit mine with Proven and Probable Reserves as follows:

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Reserve Category	Tonnes (Mt)	Copper (%)	Molybdenum (%)	Gold (g/t)	Silver (g/t)
Proven	135.40	0.31	0.018	0.25	1.81
Probable	805.41	0.27	0.018	0.19	1.70

The Proven and Probable Reserve are deemed sufficient to support a 21 year mine life and contain 5.6 billion pounds of copper, 373.5 million pounds of molybdenum, 6.03 million ounces of gold, and 51.7 million ounces of silver. The Feasibility Study suggested annual production from the Schaft Creek project would be in the order of 230 million pounds of copper, 201,000 ounces gold, 1.2 million ounces silver and 10.2 million pounds of molybdenum.

The Feasibility Study also showed that the Schaft Creek deposit hosts a Measured and Indicated Resource of 1.2 billion tonnes, grading 0.26% copper, 0.017% molybdenum, 0.19 g/t gold and 1.69 g/t silver as well as a 597.2 million tonne Inferred Resource grading 0.22% copper, 0.016% molybdenum, 0.17 g/t gold and 1.65 g/t silver. *The above stated Proven and Probable Reserves for the Schaft Creek project are included within the stated Measured and Indicated Resources.*

The Feasibility Study indicated that the NPV and the IRR for the Schaft Creek project were most sensitive to fluctuations in the Foreign Exchange ("**FOREX**") between the Canadian and United States dollar and the price of copper. The Feasibility Study used a FOREX of \$1.00 US = \$0.97 CAD and a copper price of US \$3.25/lb.

Between 2013 and 2017, the SCJV reviewed the 2013 Feasibility Study on the Schaft Creek project and collected additional geotechnical, metallurgical and baseline environmental information. Limited exploration (drilling, geochemical and geophysical surveys) along with social and cultural interaction with the Tahltan First Nation were also completed. In 2017 a remodel of the resource estimate contained in the 2013 Feasibility Study on the Schaft Creek project confirmed that there were no changes in the 2012 Resource Estimate and that the 2013 Feasibility Study is current.

In January 2018, the SCJV approved a \$0.8 million budget and program to investigate a number of different sizing scenarios, with the objective of enhancing the value to the Schaft Creek project. This work includes investigating the potential of a phased approach as an alternative to the approach adopted in the 2013 feasibility study.

During Q3 2018, the SCJV continued working on the desktop studies and received the Multi-Year Area Based Permit ("**MYAB**") for the Schaft Creek project. The desktop studies are focusing in part on describing a phased development approach that targets potential capital, operating and sustaining cost reductions and a higher-grade initial starter pit and identifying other opportunities to improve project economics. The 2018 program is focused on evaluating a number of scenarios to enhance the value of the Schaft Creek project.

The main activities covered pursuant to the Multi-Year Area Based Permit include approval for up to 50 diamond drill holes, 5 kms of new drill road and 20 kms of line cutting; none of which are planned for as of the date of this MD&A.

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### **Van Dyke Project**

In 2012, Copper Fox acquired Bell Copper's interests in the Van Dyke copper project ("**Van Dyke**") located in the Globe-Miami mining district in Arizona. Acquisition costs were CDN \$500,000 in cash to Bell Copper, \$1,499,400 (US \$1,500,000) to the Vendors (owners of the Van Dyke project) and assumption of continuing obligations in respect of the Van Dyke project, subject to certain amended terms and conditions. The Vendors retained a 2.5% Net Smelter Return ("**NSR**") production royalty from the Van Dyke deposit.

Copper Fox, through its wholly owned subsidiary, owns a 100% working interest in the Van Dyke project that consists of 531.5 hectares (1,312.8 acres) of mineral rights and 5.75 hectares (14.02 acres) of surface rights.

Historical work completed on the Van Dyke deposit between 1968 and 1990 included an extensive drilling program, two successful in-situ leach ("**ISL**") tests followed by two years of copper production utilizing the ISL method.

In 2013 and 2014, Copper Fox's activities included data compilation, diamond drilling, metallurgical testwork, re-analysis of pulp samples and environmental baselines, hydrology and scoping level engineering studies.

In November 2015, Copper Fox completed a NI-43-101 technical report entitled "Preliminary Economic Assessment ("**PEA**") Technical Report for the Van Dyke Copper Project" dated November 18, 2015 (as amended May 2017). The report was prepared under the direction of Moose Mountain Technical Services ("**MMTS**"), Mr. Jim Gray, P.Eng. et al. as the Qualified Persons. The PEA recommended a pre-feasibility study (estimated cost – US \$16.6 million) consisting of, among other activities, a 10,000m diamond drilling program to upgrade the inferred resource to a higher resource category, expand the limits of the mineralization and an eight hole pilot ISL test program to investigate; soluble copper recoveries and other geotechnical parameters of the Van Dyke oxide copper deposit.

The PEA yielded an after-tax NPV of US \$149.5 million and IRR of 27.9% based on a long term copper price of US \$3.00/lb and an Inferred Resource of 183 million tonnes containing 1.33 billion pounds of copper at an average total copper grade of 0.33%. The effect of the 2018 reduction in the United States corporate tax rate from 35% to 21% has not been incorporated into the 2015 PEA for the Van Dyke project.

*The results of the PEA are preliminary in nature as they include an Inferred Mineral Resource which is considered too speculative geologically to have the economic considerations that would enable them to be categorized as mineral reserves. There is no certainty that the PEA forecasts will be realized or that any of the resources will ever be upgraded to reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

In 2017, Copper Fox commenced the process to obtain Class III Underground Injection Control and Aquifer Protection permits which, once acquired, are good for the life of the project. A significant amount of modelling work was completed to the draft stage before Copper Fox suspended the work on the permit applications, pending the outcome of discussions to acquire surface access to the proposed ISL pilot scale test site (see news release dated September 21, 2017).

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For the nine months ended July 31, 2018, Copper Fox incurred \$27,042 (US \$21,109) in expenditures towards the Van Dyke project for rent, consulting and core storage.

Due to the FOREX between the Canadian and United States dollar, Copper Fox is not planning any additional exploration expenditure on the Van Dyke project for the remainder of fiscal 2018. Copper Fox will continue to evaluate its options for this property, including a joint venture, finding an industry partner to fund future exploration or an outright sale of the property.

### **Sombrero Butte Project**

Sombrero Butte is an exploration stage project located in the Bunker Hill District, 44 miles northeast of Tucson, Arizona consisting of three Arizona exploration permits, 77 BLM claims and 3 patented mineral claims covering approximately 1,388.9 ha (3432.5 acres).

Copper Fox is required to make four US \$40,000 annual option payments (\$160,000 total) on certain mineral and patented claims held by an arms-length third party that are included within the Sombrero Butte project. On completion of these annual payments, Copper Fox will hold an undivided 100% working interest in the property. The option agreement remains in good standing as long as the annual payments are made, with the next payment due by October 15, 2018.

The project is located in the Laramide Porphyry Copper Province in Arizona and contains two clusters of mineralized breccia pipes which elsewhere in the district are known to overlie buried porphyry copper deposits. Exploration to date has identified two large chargeability anomalies that are at the drill ready stage. No field work was completed on the project in 2017.

No work was completed on the project during Q3 2018. The surface work program described in the Q2 2018 MD&A has been delayed until later in 2018 or early 2019.

For the nine months ended July 31, 2018, Copper Fox incurred \$23,199 (US \$18,109) in expenditures towards the Sombrero Butte project for claim fees and core storage costs.

Copper Fox plans to incur the expenses required to maintain all mineral tenures in good standing and other project related expenses during fiscal 2018. Copper Fox will continue to seek an industry partner to fund future exploration of the property.

### **Mineral Mountain Project**

The Mineral Mountain project is an early stage exploration project in the Laramide Porphyry Copper Province of Arizona located on the same structural trend that hosts the Globe-Miami, Resolution, Florence and Casa Grande copper deposits. The property is 100% owned by Copper Fox and consists of one Arizona exploration permit (725 acres) and 181 BLM claims covering approximately 2,043 ha.

Exploration and compilation of local and regional geological information between 2015 and 2017 located a number of porphyry features including a 1,100m by 900m zone of porphyry style mineralization located within a larger 2.5km by 1.1km zone of potassic and phyllic altered Laramide age Quartz Monzonite and Granodiorite. A significant number of samples from within the mineralized area returned between 1% and up to 6.6% copper due to the presence of chalcocite and covellite.

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No field work was completed on the Mineral Mountain project in 2017.

In early 2018, re-sampling of 20 trenches excavated in the early 1970's located within the mineralized area outlined in 2016 (see news release dated February 8, 2017) identified a "Leach Cap a feature typical of porphyry copper deposits in Arizona. The re-sampling returned a number of significant mineralized intervals as set out below:

- a) One trench yielded a weighted average of 1,638 ppm (0.16%) copper (Cu) and 33 ppm molybdenum (Mo) over a 33m interval, including a 12m interval that contained 3,890 ppm (0.39%) Cu and 72 ppm (0.007%) Mo. This mineralized interval is open to the east;
- b) Eight trenches contain sample intervals ranging from 1.5 m to 3.0m in length that contained greater than 1,000 (0.10%) ppm Cu; and
- c) One trench contained two samples each 3.0m in length that contained greater than 100 (0.01%) ppm Mo.

Leach Caps represent the surface remnants of weathered porphyry mineralization that has undergone oxidization, leaching and re-concentration at depth.

During Q3 2018; data compilation combined with regional geological information identified two Laramide age porphyry copper style exploration targets. The distribution of the mineralization and alteration patterns in Target #1 are controlled by a series of N20-30W and NE 50-70E trending faults. Target #1 (1,800m by 1,000m) consists of a number of features typical of porphyry style mineralization, including a large coincident Leach Cap, mineralized area and historical chargeability anomaly hosted in Laramide age granodiorite. The Laramide intrusive is interpreted to dip north under the Pinal Schist.

Target #2 (1,200m long by 600m wide) is located east of Target #1 is underlain by Precambrian age diabase/granite and is characterized by high copper concentrations of up to 9.05% copper and 131 ppm Molybdenum in Diabase.

The porphyry targets on the Mineral Mountain project are hosted in a regional scale extensional structure and appear to have a similar orientation and structural control to that of the Ray copper deposit located to the east. The geological model for the project suggests that these Targets resulted from mineralized fluids that leaked upward through fractured country rock from a deeper, geochemically zoned but as-yet-unseen, buried porphyry copper system.

For the nine months ended July 31, 2018, Copper Fox incurred \$96,985 (US \$75,707) in expenditures towards the Mineral Mountain project related to assays, claim fees, data compilation and exploration costs. Copper Fox plans to completed additional mapping and sampling on Target #2 to define the limits of the copper mineralization/alteration and a combined airborne magnetic and radiometric survey over the project to delineate the local and regional scale structural controls on the mineralization and alteration. A sampling and mapping program on Target #2 is planned to commence in early October 2018, followed by the airborne survey that is estimated to cost between \$50,000 and \$75,000 that will occur in late 2018 or early 2019.

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#### Eaglehead Project

Copper Fox, through its wholly owned subsidiary Northern Fox, owns 39.51% of the common shares of District Copper Corp. (formerly Carmax Mining Corp.). Copper Fox's equity interest decreased over the past year due to the Company taking a passive approach towards participating in District's most recent financings.

District holds a 100% working interest in the Eaglehead copper-molybdenum-gold-silver property (13,540 ha) located in the Liard Mining Division, approximately 40 kilometers east of Dease Lake in northern British Columbia.

In July, 2017 Copper Fox completed a "Technical Report on the Eaglehead Project", with an Effective Date July 10, 2017 (the "**Report**") prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. The technical report prepared by Mr. Robert Lane, MSc. P.Geo., Qualified Person, was filed on SEDAR and uploaded to the Company's website.

The Technical Report (see news release dated July 21, 2017), outlined the details of the porphyry style mineralization on the Eaglehead project as well as the results of the metallurgical testwork completed in 2015 and 2016.

No field work was completed on the Eaglehead project in 2017 due to the judicial review that commenced in June 2016 and concluded in District's favor on August 23, 2017.

During Q3 2018, Copper Fox provided technical support to District on its 2018 exploration program. On receipt of the Amended Mines Act permit; District Copper commenced a program directed at re-logging, sampling or re-sampling of historical drill core from the Camp, Pass, Bornite and East zone as well as reconnaissance scale mapping and prospecting of two large exploration targets defined in early 2018 (see news release dated February 12, 2018). Results of the program will be announced when received and interpretation of the data has been completed.

## 6. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

	July 31, 2018	April 30, 2018	January 31, 2018	October 31, 2017
	3 months ended	3 months ended	3 months ended	3 months ended
Loss before taxes	\$ 620,441	\$ 541,914	\$ 213,774	\$ 400,188
Net loss	620,441	541,914	213,774	144,910
Comprehensive loss/(gain)	456,739	(47,768)	787,900	(322,819)
Comprehensive loss/(gain) per share, basic and diluted	0.00	(0.00)	0.00	(0.00)

  

	July 31, 2017	April 30, 2017	January 31, 2017	October 31, 2016
	3 months ended	3 months ended	3 months ended	3 months ended
Loss before non-operating items and taxes	\$ 395,888	\$ 453,045	\$ 207,014	\$ 633,383
Net loss	395,888	453,045	207,014	37,171
Comprehensive loss/(gain)	1,637,337	(220,645)	549,757	(724,814)
Comprehensive loss/(gain) per share, basic and diluted	0.00	(0.00)	0.00	(0.00)

The Company's quarterly operating expenses increased in Q3 2018 compared to Q2 2013, as a result of increased business activities at District.

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## 7. DISCUSSION OF OPERATIONS

All of the information described below is accounted for in accordance with IFRS, as issued by the IASB. The reader is encouraged to refer to Note 2 of the Company's audited annual financial statements for the year ended October 31, 2017 for Copper Fox's "Basis of Presentation and Significant Accounting Policies".

For the nine months ended July 31, 2018 and 2017, the consolidated expenses were:

	Nine Months Ended	
	July 31, 2018	July 31, 2017
<u>Expenses:</u>		
Administration	\$ 1,282,613	\$ 904,583
Depreciation, amortization and accretion	16,712	19,593
Professional fees	85,575	137,537
Interest and other income	(64,075)	(20,122)
<b>Net Loss</b>	<b>\$ 1,320,825</b>	<b>\$ 1,041,591</b>

### Nine Months Ended July 31, 2018 Compared to Nine Months Ended July 31, 2017

For the nine months ended July 31, 2018, the Company recorded a net loss of \$1,320,825 or \$0.00 per share compared to a net loss of \$1,041,591 or \$0.00 per share in the comparable prior period. The increase in net loss of \$279,234 is due to an increase in District's consulting costs, offset by a decrease in professional fees and an increase in investment income.

## 8. LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

As an exploration company, Copper Fox has no regular cash in-flow from operations, and the extent of its operations is principally a function of the availability of capital resources. To date, the primary source of funding has been equity financing.

During the nine months ended July 31, 2018, the Company incurred a net loss of \$1,320,825 (July 31, 2017 - \$1,041,591) and the Company's cash position was \$1,714,530 (October 31, 2017 - \$286,195).

Major expenditures are required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities. The recoverability of valuations assigned to exploration and development mineral properties are dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete such exploration and development as well as the future profitable production or proceeds from potential dispositions.

Management reviews the carrying value of the Company's interest in each property and, where deemed necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for,

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as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing at favourable terms for these or other endeavours, including general working capital purposes.

### Working Capital

As at July 31, 2018, Copper Fox had working capital of \$1,596,100 (October 31, 2017 – \$272,883). The working capital increased in the nine months ended July 31, 2018 compared to the year ended October 31, 2017 as a result of Copper Fox's June 2018 a private placement as well as District's March and July 2018 financings, offset by capital outflows for the Van Dyke, Sombrero Butte, Mineral Mountain and Eaglehead projects, in addition to the Company's operating costs.

The Company manages its working capital through conscientious controlling of spending on its properties and operations. Due to the on-going planned advancement of project milestones for the Sombrero Butte, Mineral Mountain and Eaglehead projects over the near term, Copper Fox intends to continue to incur expenditures without revenues and accumulate operating losses. As a result, the Company needs to obtain adequate financing to fund future exploration and development, including the potential construction of a mine, in order to reach profitable levels of operation. It is not possible to predict whether future financing efforts will be successful or whether financing on favourable terms will be available.

Copper Fox has no long-term debt or long-term liabilities, other than its combined decommissioning provision of \$220,828, its Sombrero Butte option payments of \$208,224 (US \$160,000) and its deferred tax liability of \$1,924,315. The Company has no capital lease obligations, operating or any other long term obligations, other than its office lease.

### Cash Flow Highlights

	Nine Months Ended	
	July 31, 2018	July 31, 2017
Cash used in operating activities	\$ (1,133,422)	\$ (870,608)
Cash used in investing activities	(1,007,579)	(352,598)
Cash provided by financing activities	3,577,057	1,100,000
Increase/(decrease) in cash for the period	1,436,056	(123,206)
Translation effect of foreign currency	(7,721)	69,182
Cash balance, beginning of year	286,195	847,505
<b>Cash Balance, End of Period</b>	<b>\$ 1,714,530</b>	<b>\$ 793,481</b>

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### **Cash Flow for the Nine Months Ended July 31, 2018 and 2017**

#### *Operating Activities*

Cash used in operating activities in the current period was \$1,133,422 compared to \$870,608 in the prior comparable period. The increase of \$262,814 is due to an increase in the non-cash working capital accounts receivables, offset by the increase in District's consulting costs.

#### *Investing Activities*

Cash used in investing activities in the current period was \$1,007,579 compared to \$352,598 in the prior comparable period. The increase of \$654,981 is due to District's 2018 drill program at Eaglehead.

#### *Financing Activities*

Cash provided by financing activities in the current period was \$3,577,057 compared to \$1,100,000 in the prior comparable period. The increase of \$2,477,057 was due to one Copper Fox and two District Copper private placements in the current period compared to one Copper Fox and no district Copper private placement in the prior comparable period.

#### *Capital Resources*

As of July 31, 2018, and as of the date of this MD&A, the Company had \$1,714,530 and \$1,123,204 in cash.

#### *Contractual Commitments*

The Company has a commitment, with respect to its office lease, as follows:

<b>Year Ended</b>	<b>2018</b>	<b>2019</b>
Amount	\$ 29,019	\$ 87,058

The Company is also committed to pay the balance outstanding of four yearly option payments totalling \$208,224 (US \$160,000) under the Sombrero Butte acquisition agreement. The next payment of \$52,056 (US \$40,000) is due on October 15, 2018.

Teck holds a 75% interest and the Company holds a 25% interest in the Schaft Creek Joint Venture ("SCJV"), and Teck is the operator of the SCJV. Management of the SCJV is made up of two representatives from Teck and the Company with voting proportional to their equity interests.

Under the SCJV agreement, Teck is required to make three cash milestone payments to the Company: (i) \$20 million upon entering into the agreement (received), (ii) \$20 million upon a Production Decision approving mine construction, and (iii) \$20 million upon completion of construction of mine facilities.

The SCJV agreement provides that Teck and the Company are each responsible for their pro-rata share of project costs in accordance with their interests, except that Teck is solely responsible for the first \$60 million in pre-production costs. If pre-production costs exceed \$60 million, the Company's pro rata share

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of such costs will be set off against the two remaining cash milestone payments (totaling \$40 million) payable by Teck to the Company. If pre-production costs exhaust the two cash milestone payments, Teck will further assist the Company by providing loans, as necessary, without dilution to the Company's 25% joint venture interest.

Once a production decision has been made, Teck will make an irrevocable offer to the Company:

- (i) to use all reasonable commercial efforts to arrange project equity and debt financing for at least 60% of project capital costs or such portion as Teck determines is commercially available on reasonable terms at the relevant time; and
- (ii) to fund by way of loans to the Company, the Company's pro rata share of project capital costs not covered by project debt financing, if requested by the Company, without dilution to the Company's 25% joint venture interest.

The Company must notify Teck within 60 days after Teck's offer as to whether it accepts Teck's offer or whether it will arrange for its own financing.

## 9. RELATED PARTY TRANSACTIONS

### Copper Fox

During the nine months ended July 31, 2018, legal fees of \$71,106 (July 31, 2017 - \$30,001) were paid to Farris, Vaughan, Wills & Murphy LLP ("Farris"). As at July 31, 2018, included in accounts payable to Farris was \$37,877 (October 31, 2017 - \$12,569). One of the partners at Farris' is a member of Copper Fox's Board of Directors.

### District

For the nine months ended July 31, 2018, \$Nil (July 31, 2017 - \$2,500) was paid in rent to a company controlled by a former officer of District.

### Key Management Compensation

The remuneration of the CEO, CFO, directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company, including District are as follows:

Description	July 31, 2017	July 31, 2018
Directors fees	\$ 3,500	\$ 14,500
Salaries and consulting fees	254,329	313,667
<b>Total</b>	<b>\$ 257,329</b>	<b>\$ 328,667</b>

## 10. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial instruments consist of cash, loans and other receivables, deposits, investments and accounts payables and accrued liabilities.

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The Company's financial assets, measured at fair value, are categorized as follows:

Description	As at July 31, 2018				
	Loans and Receivables	Available For Sale	Other Financial Liabilities	Total Carrying Amount	Total Fair Value
<i>Financial Assets:</i>					
Cash	\$ 1,714,530	\$ -	\$ -	\$ 1,714,530	\$ 1,714,530
Other receivables	24,976	-	-	24,976	24,976
Deposits	223,713	-	-	223,713	223,713
Investments	-	113,481	-	113,481	113,481
<b>Total Financial Assets</b>	<b>\$ 1,963,219</b>	<b>\$ 113,481</b>	<b>\$ -</b>	<b>\$ 2,076,700</b>	<b>\$ 2,076,700</b>
<i>Financial Liabilities:</i>					
A/P and accrued liabilities	\$ -	\$ -	\$ 143,406	\$ 143,406	\$ 143,406
<b>Total Financial Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 143,406</b>	<b>\$ 143,406</b>	<b>\$ 143,406</b>

Description	As at October 31, 2017				
	Loans and Receivables	Available For Sale	Other Financial Liabilities	Total Carrying Amount	Total Fair Value
<i>Financial Assets:</i>					
Cash	\$ 286,195	\$ -	\$ -	\$ 286,195	\$ 286,195
Other receivables	179,040	-	-	179,040	179,040
Deposits	250,352	-	-	250,352	250,352
Investments	-	143,885	-	143,885	143,885
<b>Total Financial Assets</b>	<b>\$ 715,587</b>	<b>\$ 143,885</b>	<b>\$ -</b>	<b>\$ 859,472</b>	<b>\$ 859,472</b>
<i>Financial Liabilities:</i>					
A/P and accrued liabilities	\$ -	\$ -	\$ 192,352	\$ 192,352	\$ 192,352
<b>Total Financial Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 192,352</b>	<b>\$ 192,352</b>	<b>\$ 192,352</b>

**Determination of Fair Value**

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy, based on the amount of observable inputs used to value the instrument:

- *Level 1* – observable inputs such as quoted prices in active markets. The Company's common share ownership in Bell Resources is a Level 1 instrument;
- *Level 2* – inputs, other than the quoted market prices in active markets, which are observable, either directly and or indirectly; and
- *Level 3* – unobservable inputs for the asset or liability in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Company's direct investment in Liard, for all years carried at fair market value is a Level 3 instrument.

The Company's activities expose it to a variety of financial risks, which arise as a result of its exploration, development, production and financing activities. These include:

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- Credit risk
- Market risk
- Liquidity risk

### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from partners and tax authorities. The maximum exposure to credit risk at July 31, 2018 is \$24,976 (October 31, 2017 - \$179,040).

### **Market Risk**

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's return.

#### *Foreign Currency Exchange Rate Risk*

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. During the nine months ended July 31, 2018 the Company was involved with preliminary exploration activities in the United States. As such, the Company is exposed to fluctuations in the United States dollar exchange rates compared to Canadian dollar exchange rates. A 5% strengthening or weakening of the US dollar would have significant impact on the total assets, but a minimal impact to the loss of the Company.

Due to its US activities, the Company has an exposure to foreign currency exchange rates. The carrying values of US dollar denominated monetary assets and liabilities are subject to foreign exchange risk.

#### *Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As of July 31, 2018, the Company is exposed only on its cash balance.

#### *Commodity Price Risk*

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices.

Commodity prices for minerals are impacted by the relationship between the Canadian dollar and United States dollar as well as the global economic events that dictate levels of supply and demand.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities consist of accounts payable and accruals. Accounts payable consists of invoices payable to trade suppliers for office, field operating activities and

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capital expenditures. The Company processes invoices within a normal payment period of approximately 30 days.

Accounts payable have contractual maturities of less than one year. The Company maintains and monitors a certain level of cash flow which is used to finance all operating and capital expenditures.

As at July 31, 2018, the Company had \$8,704 in US denominated cash balances.

## **11. RISKS AND UNCERTAINTIES**

### **It is Indeterminable if Exploration Properties Will Result in Profitable Commercial Mining Operations**

Mine development projects, specifically the Schaft Creek and Van Dyke projects, require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors, including: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and anticipated capital and operating costs. The Schaft Creek and Van Dyke projects have no operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of Proven and Probable Mineral Reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Any of the following events, among others, could affect the profitability or economic feasibility of a project. Unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labor, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in metals prices, foreign exchange rates, accidents, labor actions and force-majeure events.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production. The actual results for the Schaft Creek and Van Dyke projects could differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favorable than currently estimated, our business, results of operations, financial condition and liquidity could be materially adversely affected.

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### **Joint Ventures**

Copper Fox participates in a joint venture with Teck on the Schaft Creek project. There are risks associated with joint ventures, including:

- disagreement with a joint-venture partner about how to develop, operate or finance a project;
- a joint-venture partner not complying with a joint-venture agreement;
- possible litigation between joint-venture partners about joint-venture matters; and
- limited control over decisions related to a joint venture in which Copper Fox does not have a controlling interest.

### **Securing Additional Funding to Bring the Ore Body into Commercial Production**

The business of mineral exploration and extraction involves a high degree of risk with very few properties that are explored ultimately achieving commercial production. As a mining company in the exploration stage, the future ability of the Company to conduct exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

In turn, the Company's ability to raise such funding depends in part upon the market's perception of its management and properties, as well as metal prices and the marketability of securities of speculative mineral exploration and development companies.

There is no assurance that the Company will be successful in obtaining the required financing.

### **Estimates of Mineral Reserves and Resources may not be Realized**

The Mineral Reserves and Resources estimates contained in this MD&A are only estimates. No assurance can be given that any particular level of recovery of metals will be realized or that identified resources will ever qualify as a commercially mineable or viable deposit which can be legally and economically utilized. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by mineral type. Actual recoveries may exceed or fall short of projected laboratory test results. In addition, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions. Short term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in proven and probable reserves or resources, grades, waste-to-minerals ratios or recovery rates may affect the economic viability of projects. The estimated Proven and Probable Mineral Reserves and Mineral Resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

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### **The Company's Activities on its Properties are Subject to Environmental Regulations and Approvals**

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require 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. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations, or its ability to develop its properties economically. Before production may commence on any property, the Company must obtain regulatory and environmental approvals and permits. There is no assurance such approvals and permits will be obtained on a timely basis, if at all. Compliance with environmental and other regulations may reduce profitability, or preclude economic development of a property entirely.

### **Title Matters**

In those jurisdictions where the Company has property interests, the Company makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is, however, no guarantee that title to the Company's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

### **Share Price Risk**

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company, including the market sentiment toward the resource sector and for all resource sector shares, the breadth of the public market for the stock, the need for certain Funds to sell shares for external reasons other than those relevant to the Company and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares of the Company on the exchanges on which the common shares are listed suggests that the share price will be volatile.

## **12. PROPOSED TRANSACTIONS**

The Company does not currently have any proposed transactions; however, the Company from time to time does review potential property acquisitions and divestitures, in addition to conducting further exploration work on its property. The Company releases appropriate public disclosure as it conducts exploration work on its existing property and if the Company makes an acquisition or divestiture.

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### 13. DISCLOSURE OF OUTSTANDING SHARE CAPITAL DATA

#### Authorized Share Capital

Authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, without par value, of which no preferred shares have been issued.

As of September 27, 2018, the issued and outstanding shares are as follows:

Common Shares	Number	Amount
<i>Opening Balance, November 1, 2017:</i>	436,980,160	\$ 76,583,300
<i>Additions:</i>		
June 18, 2018 private placement	12,000,000	1,187,500
June 18, 2018 warrants granted	-	(143,200)
<b>Balance, September 27, 2018</b>	<b>448,980,160</b>	<b>\$ 77,627,600</b>

Common Shares	Number	Amount
<i>Opening Balance, November 1, 2016:</i>	427,813,495	\$ 75,884,886
<i>Additions:</i>		
July 27, 2017 private placement	9,166,665	1,100,000
July 27, 2017 warrants granted	-	(401,586)
<b>Balance, October 31, 2017</b>	<b>436,980,160</b>	<b>\$ 76,583,300</b>

#### Warrants

As of September 27, 2018, the warrants outstanding are as follows:

Share Purchase Warrants	Number of Warrants	Amount
<i>Opening Balance, November 1, 2017:</i>	19,919,665	\$ 1,095,212
<i>Additions:</i>		
June 18, 2018 warrants granted	6,000,000	143,200
<b>Balance, September 27, 2018</b>	<b>25,919,665</b>	<b>\$ 1,238,412</b>

Share Purchase Warrants	Number of Warrants	Amount
<i>Opening Balance, November 1, 2016:</i>	10,753,000	\$ 693,626
<i>Additions:</i>		
July 27, 2017 warrants granted	9,166,665	401,586
<b>Balance, October 31, 2017</b>	<b>19,919,665</b>	<b>\$ 1,095,212</b>

#### Stock Option Plan

The number of shares reserved for issuance under the Company's stock option plan is limited to 10% of the number of shares which are issued and outstanding on the date of a particular grant of options. Under

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the plan, the Board of Directors determines the term of a stock option, the vesting period of the options and the option exercise price, which shall not be less than the closing price of the Company's share on the TSX: V immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board as to the recipients, nature and size of the share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

As of July 31, 2018, the Company has options outstanding entitling the holders to acquire common shares as follows:

Stock Options	Weighted Avg. Exercise Price	Number of Options
<i>Opening Balance, November 1, 2017:</i>	\$ -	-
<i>Additions:</i> There was no option activity in Q1-Q3 2018	-	-
<b>Balance, September 27, 2018</b>	<b>\$ -</b>	<b>-</b>

Stock Options	Weighted Avg. Exercise Price	Number of Options
<i>Opening Balance, November 1, 2016:</i>	\$ 1.04	550,000
<i>Additions:</i> Expired	\$ 1.04	(550,000)
<b>Balance, October 31, 2017</b>	<b>\$ -</b>	<b>-</b>

## 14. OFF-BALANCE SHEET ARRANGEMENTS

During the nine months ended July 31, 2018, the Company was not party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues, expenses, liquidity, capital expenditures or capital resources of the Company.

## 15. CHANGES IN ACCOUNTING STANDARDS

There were no changes in the Company's accounting policies during the nine months ended July 31, 2018. New and revised accounting standards and interpretations issued but not yet adopted are described in Note 2, "Basis of Presentation and Significant Accounting Policies", of the audited consolidated financial statements for the fiscal year ended October 31, 2017.

## 16. CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors it believes to be reasonable under the circumstances. Management believes the

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estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

### **Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

### **Depreciation**

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

### **Impairment**

The carrying value of property and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in earnings. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

### **Site Closure and Reclamation Provisions**

The Company assesses its mineral property's rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents

## **COPPER FOX METALS INC.**

*Management's Discussion and Analysis of Financial Condition and Results of Operation*

**For the Three and Nine Months Ended July 31, 2018 and 2017 (Expressed in Canadian Dollars)**

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management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

### **Title to Mineral Properties**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### **Share-Based Payments**

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options and share purchase warrants, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's financial statements.

### **Contingencies**

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or un-asserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to disclose as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the Company's financial statements.

## **17. APPROVAL**

The Audit Committee of Copper Fox has reviewed and approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and it is also available under our SEDAR profile at [www.sedar.com](http://www.sedar.com).