



Unaudited Interim Consolidated Financial Statements

For the Three Months Ended January 31, 2020

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, “Continuous Disclosure Obligations”, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company’s independent auditors have not performed a review of these unaudited interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditors.

COPPER FOX METALS INC.
Interim Consolidated Statements of Financial Position (*Unaudited*)
As at January 31
(*Expressed in Canadian Dollars*)

	January 31, 2020	October 31, 2019
Assets		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 189,565	\$ 374,507
Amounts receivable	52,438	47,909
Total Current Assets	242,003	422,416
<u>Non-Current Assets</u>		
Deposits	11,899	11,820
Investments (Note 4)	111,817	112,649
Investment in associate (Note 5)	929,572	933,788
Exploration and evaluation assets (Note 6)	74,779,095	74,626,871
Property and equipment (Note 7)	52,630	56,698
Total Assets	\$ 76,127,016	\$ 76,164,242
Liabilities and Shareholders' Equity		
<u>Current Liabilities</u>		
Accounts payable and accrued liabilities	\$ 230,461	\$ 129,240
Total Current Liabilities	230,461	129,240
<u>Non-Current Liabilities</u>		
Decommissioning liability (Note 8)	178,959	177,968
Deferred tax liabilities	1,558,258	1,558,258
Total Liabilities	1,967,678	1,865,466
<u>Shareholders' Equity</u>		
Share capital (Note 9)	78,835,530	78,835,530
Share purchase warrants (Note 9)	1,541,073	1,541,073
Accumulated other comprehensive income	2,111,046	2,044,912
Contributed surplus	15,823,771	15,823,771
Deficit	(24,152,082)	(23,946,510)
Total Shareholders' Equity	74,159,338	74,298,776
Total Liabilities and Shareholders' Equity	\$ 76,127,016	\$ 76,164,242
Reporting entity and nature of operations (Note 1)		
Commitments (Note 11)		

Approved on behalf of the Board of Directors on March 27, 2020

"J. Michael Smith"

J. Michael Smith, Director

"Elmer B. Stewart"

Elmer B. Stewart, Director

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements.

COPPER FOX METALS INC.
Interim Consolidated Statements of Loss and Comprehensive Loss (*Unaudited*)
Three Months Ended January 31
(Expressed in Canadian Dollars)

	Three Months Ended	
	January 31, 2020	January 31, 2019
<u>Expenses</u>		
Administration	\$ 182,279	\$ 214,722
Depreciation, amortization and accretion	5,060	5,807
Professional fees	15,070	8,141
Interest and other income	(1,053)	(33,063)
Share of loss of an associate (Note 5)	4,216	-
Net Loss	\$ 205,572	\$ 195,607
<u>Other comprehensive income and loss to be reclassified to profit or loss in subsequent periods (net of tax)</u>		
Fair value adjustment of investment	832	-
Foreign currency translation loss (gain)	(66,966)	1,523
Comprehensive Loss	\$ 139,438	\$ 197,130
<u>Net Loss Attributable to</u>		
Common shareholders	\$ 205,572	\$ 162,807
Non-controlling interest	-	32,800
Attributable Net Loss	\$ 205,572	\$ 195,607
<u>Total Comprehensive Loss Attributable to</u>		
Common shareholders	\$ 139,438	\$ 164,330
Non-controlling interest	-	32,800
Attributable Comprehensive Loss	\$ 139,438	\$ 197,130
Loss per share - basic and diluted	\$ 0.00	\$ 0.00
Weighted average number of shares	461,274,160	448,980,160

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements.

COPPER FOX METALS INC.
Interim Consolidated Statements of Changes in Equity *(Unaudited)*
Three Months Ended January 31
(Expressed in Canadian Dollars)

	Share Capital	Share Purchase Warrants	AOCI	Contributed Surplus	Deficit	Total Shareholders' Equity
<u>Balance as at October 31, 2019</u>	\$ 78,835,530	\$ 1,541,073	\$ 2,044,912	\$ 15,823,771	\$ (23,946,510)	\$ 74,298,776
Currency translation adjustment	-	-	66,966	-	-	66,966
Fair value adjustments of investment	-	-	(832)	-	-	(832)
Net loss for the year	-	-	-	-	(205,572)	(205,572)
Balance as at January 31, 2020	\$ 78,835,530	\$ 1,541,073	\$ 2,111,046	\$ 15,823,771	\$ (24,152,082)	\$ 74,159,338

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements.

COPPER FOX METALS INC.
Interim Consolidated Statements of Changes in Equity *(Unaudited)*
Three Months Ended January 31
(Expressed in Canadian Dollars)

	Share Capital	Share Purchase Warrants	AOCI	Contributed Surplus	Deficit	Total Shareholders' Equity of Parent	Non-Controlling Interest	Total Shareholders' Equity
Balance as at October 31, 2018	\$ 77,613,179	\$ 1,238,412	\$ 2,113,893	\$ 15,823,771	\$ (21,183,754)	\$ 75,605,501	\$ 4,149,167	\$ 79,754,668
Shares issued for cash	1,339,140	-	-	-	-	1,339,140	-	1,339,140
Share issuance costs	(8,990)	-	-	-	-	(8,990)	-	(8,990)
Warrants granted	(122,199)	122,199	-	-	-	-	-	-
Warrants extended	-	180,462	-	-	(180,462)	-	-	-
Warrants exercised	14,400	-	-	-	-	14,400	-	14,400
Currency translation adjustment	-	-	(69,397)	-	-	(69,397)	-	(69,397)
Fair value adjustments of investment	-	-	416	-	-	416	-	416
Deconsolidation of subsidiary (Note 10)	-	-	-	-	-	-	(4,105,430)	(4,105,430)
Net loss for the year	-	-	-	-	(2,582,294)	(2,582,294)	(43,737)	(2,626,031)
Balance as at October 31, 2019	\$ 78,835,530	\$ 1,541,073	\$ 2,044,912	\$ 15,823,771	\$ (23,946,510)	\$ 74,298,776	\$ -	\$ 74,298,776

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements.

COPPER FOX METALS INC.

Interim Consolidated Statements of Cash Flows *(Unaudited)*

Three Months Ended January 31

(Expressed in Canadian Dollars)

	Three Months Ended	
	January 31, 2020	January 31, 2019
Operations		
Net loss	\$ (205,572)	\$ (195,607)
<u>Items not affecting cash and cash equivalents</u>		
Depreciation, amortization and accretion	5,060	5,807
Flow-through premium income	-	(32,679)
Share of loss of an associate	4,216	-
<u>Changes in non-cash working capital</u>		
Accounts payable	104,533	(87,989)
Amounts receivable	(4,530)	9,699
Cash and Cash Equivalents Used in Operating Activities	(96,293)	(300,768)
Investing		
Mineral property expenditures	(83,480)	(326,960)
Cash and Cash Equivalents Used in Investing Activities	(83,480)	(326,960)
Financing		
Net proceeds from issuance of units	-	-
Cash and Cash Equivalents Provided by Financing Activities	-	-
Decrease in cash and cash equivalents during the period	(179,773)	(627,728)
Translation effect of foreign currency	(5,169)	1,206
Cash and cash equivalents, beginning of year	374,507	938,311
Cash and Cash Equivalents, End of Period	\$ 189,565	\$ 311,789

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

1. Reporting Entity and Nature of Operations

Copper Fox Metals Inc. (“**Copper Fox**” or the “**Company**”) was incorporated on February 27, 2004 under the Business Corporations Act of Alberta. On July 14, 2010 the Company transferred its registration from Alberta and became incorporated under the Business Corporations Act of British Columbia. The Company is engaged in the exploration for and development of copper mineral properties in Canada and the United States. Copper Fox’s shares trade on the TSX Venture Exchange (“**TSX.V**”) under the trading symbol (“**CUU**”). To date, the Company has not earned any revenue from these operations and is in the exploration and evaluation stage.

The Company maintains its head office at 340 – 12 Avenue SW, Suite 650, Calgary, Alberta. These unaudited consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries. Copper Fox’s subsidiaries include:

- 100% ownership of Desert Fox Copper Inc.
 - 100% ownership of Desert Fox Minerals Co.
 - 100% ownership of Desert Fox Sombrero Butte Co.
 - 100% ownership of Desert Fox Van Dyke Co.

- 100% ownership of Northern Fox Copper Inc.
 - 24.30% ownership of District Copper Corp. (“**District**” or “**District Copper**”), which is accounted for as an investment in associate (Note 5).

2. Basis of Presentation and Significant Accounting Policies

Statement of Compliance

These interim unaudited consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards (“**IFRS**”).

These consolidated financial statements were approved for issue by the Board of Directors on March 27, 2020.

Basis of Measurement

These interim unaudited consolidated financial statements have been prepared using historical cost basis, except for certain financial instruments, which are measured at fair value.

Functional Currency and Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate and is normally the currency in which the entity primarily generates and expends cash. The functional and reporting currency of Copper Fox is the Canadian Dollar. Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in earnings.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

Financial statements of the foreign subsidiaries included in the consolidated financial statements where the functional currency is other than the Canadian dollar are translated from their functional currency which is the respective local currency to the Canadian presentation currency. For balance sheet items, the translation is performed using rates of exchange prevailing on the balance sheet date. For income statement items, the translation is performed using the annual average rates of exchange during the fiscal year. Net exchange gains or losses resulting from the translation of foreign financial statements are recognized in other comprehensive income or loss.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements, along with reported amounts of income and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions and judgements are reviewed on an ongoing basis by management. Revisions are recognized in the period in which the estimates are revised and in any future periods so affected.

(i) Significant Assumptions and Judgements in Applying Accounting Policies

Critical judgements required in applying the Company's accounting policies that would have the most significant impact on the Company's financial statements include: determination of control and significant influence, capitalization of exploration and evaluation costs and going concern.

a) Determination of Control and Significant Influence

Per IFRS 10.5, an investor (Copper Fox) controls an investee (District Copper) if they have the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

During the three months ended January 31, 2020, Copper Fox's ownership of District Copper was diluted from 24.43% to 24.30%. In addition, Copper Fox no longer directly influences the long-term business plans for District Copper, as District Copper has pivoted away from being a copper exploration company and towards being a gold exploration company. In doing so, District Copper has placed the Eaglehead project on care and maintenance. As such, Copper Fox no longer controls District Copper and District Copper has been deconsolidated from Copper Fox's financial statements. Copper Fox still retains significant influence over District Copper with the investment in associate being accounted for using the equity method.

In accounting for the loss on control of District Copper, Copper Fox recognized the full loss on deconsolidation, applying IFRS 10.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

b) Capitalization of Exploration and Evaluation Costs

The measurement and impairment of mineral properties are based on various judgments, including, but not limited to, the technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves and/or resources, future mineral prices and operating and capital expenditures. The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. For example, if, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the period when the new information became available.

c) Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(ii) Key Sources of Estimation Uncertainty

Significant accounts that require estimates as the basis for determining the stated amounts included, but are not limited to, deferred tax liabilities and valuation assumption.

a) Deferred Tax Liabilities

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss.
- In respect of taxable temporary differences associated with an investment in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted at the reporting date.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

b) Valuation Assumptions

Copper Fox used the closing trading price of District Copper as on February 8, 2019, the day the Company lost voting control of District Copper, multiplied by the number of shares they owned of District Copper, in order to determine the fair value of District Copper upon initial recognition of the investment in associate.

Basis of Consolidation

The financial statements of the Company's subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and could affect these returns through its control over the entity. All significant intercompany transactions and balances have been eliminated. Non-controlling interests, up until February 8, 2019, prior to the deconsolidation, in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original acquisition plus the non-controlling interests' share of changes in equity since the date of acquisition. All the Company's material subsidiaries are wholly owned except for District Copper, which is an investment in associate, with the Company owning 24.40% of the common outstanding shares. Accounting policies are applied consistently throughout all consolidated entities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash, GIC's and those that have maturities of three months or less or fully redeemable without penalty when acquired.

Financial Instruments

On November 1, 2018, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for the annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities remains unchanged. There was no impact from adoption of this new standard.

(i) Classification and Measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

a) Financial Assets at FVTPL

Financial assets that are carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of operations and comprehensive loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

b) Financial Assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

c) Financial Assets at Amortized Cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current assets, based on their maturity date. Financial assets are derecognized when they mature or are sold, and substantially all the risk and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as amortized cost are recognized in the statement of operations and comprehensive loss.

New classification of the Company's financial instruments under IFRS 9 are:

Financial Instrument	Classification Under IAS 39	Classification Under IFRS 9
Cash and cash equivalents	Amortized cost	Amortized cost
Amounts receivable	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Investments	Available for sale	FV through OCI
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

(ii) Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit loss if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve months expected credit loss. For trade receivables, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. The Company had no material loss allowance at adoption of IFRS 9 or as at October 31, 2019.

Financial Liabilities

All financial liabilities are recognized initially at fair value. Copper Fox's financial liabilities include accounts payable and accrued liabilities. A financial liability is derecognized when the obligation under the liability has been discharged or cancelled or expired.

Subsequent to initial recognition, financial liabilities are recognized at amortized cost.

Investment in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

Copper Fox lost control of District Copper, which is a junior exploration mining company listed on the TSX:V, on February 8, 2019. Applying IFRS 10, the Company deconsolidated District Copper from its financial statements. The Company's interest in District Copper is accounted for using the equity method on its consolidated financial statements at its fair value, which was calculated as the share price of District Copper on February 8, 2019 multiplied by the number of shares that Copper Fox owned of District Copper on that date.

The aggregate of Copper Fox's share of profit or loss of an associate for the year, the equity pick-up, is shown on the Company's consolidated statement of loss and comprehensive loss. The Company assesses on a period basis the carrying amount of the investment in associate for impairment.

Exploration and Evaluation Assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and recorded as mineral properties. Exploration expenditure relates to the initial search for deposits with economic potential.

The recovery of the carrying amount of exploration and evaluation assets is dependent upon the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values.

Mining tax credits are recorded in the financial statements when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

These non-repayable mining tax credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration and evaluation assets.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

Each quarter, the Company assesses for impairment indicators in according with IFRS 6, and if any are found to exist, then the Company takes the appropriate action to determine if an impairment must be recorded.

When the Company issues flow-through shares, it provides the share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. Any premium, being the excess of the proceeds over the market value of the common shares, is recorded as a liability. At the later of the renouncing and the incurrence of the expenditure, the Company de-recognizes the liability, and the premium amount is recognized as income in the statement of loss. The Company may be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-Back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial liability until the flow-through money is fully renounced.

With reference to Copper Fox's Schaft Creek Joint Venture agreement with Teck Resources Limited ("**Teck**"), the Company does not record any expenditure made by Teck on its account. Any cash consideration received directly from Teck is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Company as a gain on disposal. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements on its other assets but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Decommissioning Liabilities and Reclamation Costs

The Company recognizes and records the fair value of the liability for a future retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related asset using the present value of the estimated future cash outflows. The liability is subsequently adjusted for the passage of time. When in production, the asset will be amortized accordingly. The liability is also adjusted for the changes to the current market-based discount rate, or the amount or timing of the underlying cash flows needed to settle the obligation.

The operations of the Company may be affected from time to time by changes in environmental regulations, including those for future rehabilitation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company may vary from region to region and are not entirely predictable. The Company's policy is to meet standards set by relevant legislation and by the application of technically proven and economically feasible measures. Expenditures relating to ongoing environmental and reclamation programs are recorded to earnings as incurred or capitalized and amortized, depending upon their future economic benefits. These estimates are reviewed regularly to consider any material changes to the assumptions.

Property and Equipment

Property and equipment is stated at cost, which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

Amortization of property and equipment is calculated using the declining balance method with the following rates:

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

Building	10 %
Computer equipment	30 %
Furniture and equipment	20 %
Heavy equipment	20 %

Impairment of Long-Lived Assets

At each reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment.

The recoverable amount is the higher of the assets' fair value less cost to sell or value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in earnings for that period. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the net present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and can only consider approved future development costs. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of commodity prices and expected production volumes. The latter considers assessments of mineral resources and includes expectations about proved and unproved volumes, which are risk-weighted utilizing geological, production, recovery and economic projections.

Contingent Liabilities

The Company has the potential to be involved in various claims, assessments, investigations and legal proceedings that arise from time to time in the ordinary course of its business, including matters involving tax and other issues. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur and a reasonable estimate of the loss can be made, an estimated liability would be accrued. The Company would accrue a liability when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company reviews these accruals quarterly and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. Currently the Company does not have any accrued contingent liabilities.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in earnings, except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Additionally, deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Payments

The Company applies the fair value method to share-based payments for all options granted. The fair value is measured at the grant date and each vesting tranche is recognized as a separate award. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds, together with the related contributed surplus amounts which are credited to share capital through contributed surplus.

Earnings per Share

Basic earnings per share are calculated by dividing net earnings or losses available to the Company by the weighted average number of common shares outstanding for the year. Diluted earnings per share are calculated to reflect the dilutive effect of exercising outstanding stock options and warrants by application of the treasury stock method. Outstanding stock options and share purchase warrants that would potentially dilute basic earnings per share have not been included in the computation of diluted earnings per share because to do so would be anti-dilutive.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

Determination of Fair Values

Several the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- (i) Cash and Cash Equivalents, Amounts Receivables, Deposits, Accounts Payables and Accrued Liabilities and Investments

Management assesses that the fair values of cash and cash equivalents, amounts receivable, deposits, accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these investments.

Investments are carried at their fair value, determined by the closing price of the investment at the reporting date and by the most recent transaction price.

3. Changes in Accounting Policies

New Accounting Standards

IFRS 16 - Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model like the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets (i.e., personal computers); and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (i.e., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Company plans to continue to assess the potential effect of IFRS 16 on its consolidated financial statements and adopt it effective November 1, 2019.

4. Investments

As at January 31, 2020, Copper Fox had 83,200 Bell shares remaining, which were trading at \$0.06 per share.

Copper Fox directly owns 29,342 shares of Liard Copper Mines Ltd. ("**Liard**"), a private company incorporated in British Columbia, which represents approximately 1.55% of the issued and outstanding shares of Liard. These shares were originally recorded at a cost value of \$759,305 upon acquisition in two separate 2011 transactions.

During the year ended October 31, 2016, pursuant to a purchase of Liard shares by the Schaft Creek Joint Venture ("**SCJV**"), the Company determined that the value of the Liard shares purchased in 2011 were impaired by \$652,480 and were subsequently written down to the Fair Market Value ("**FMV**") carrying cost of \$106,825, which was referenced to a private sale of Liard shares in 2016 (Level 3). There were no similar transactions in 2017 - 2020, so the Company determined that the 2016 private sale is the best reference of the FMV of the Liard shares as of January 31, 2020. As such, there was no effect on other comprehensive income for the three months ended January 31, 2020.

Copper Fox indirectly owns an additional 21.35% of the Liard shares through its SCJV with Teck Resources Limited ("**Teck**"). As these Liard shares are held within a trust account that the Company does not control, the 21.35% ownership of Liard is not reflected in the table below.

Liard holds a 30% Net Proceeds Interest in the Schaft Creek project, subject to certain terms and conditions.

The FMV of all the investments are as follows:

Investments	Fair Market Value October 31, 2019	Fair Market Value January 31, 2020
Bell Copper Corp.	\$ 5,824	\$ 4,992
Liard Copper Mines Ltd.	106,825	106,825
Total	\$ 112,649	\$ 111,817

5. Investment in Associate

On February 8, 2019, District Copper issued 52,000,000 shares for the purchase of the Stony Lake property and a private placement, both of which Copper Fox did not participate in. As a result, Copper Fox's ownership percentage of District Copper was diluted from 39.51% to 24.43%, which led to a loss of control and deconsolidation of District Copper from Copper Fox's financial statements. Copper Fox still retains significant influence over District, resulting in District Copper being recorded on Copper Fox's financial statements as an investment in associate.

COPPER FOX METALS INC.*Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)**

District Copper is publicly traded on the TSX:V and its principle place of business is British Columbia, Canada. The initial recognition of the investment in associate was accounted for at fair value using the closing share price of District Copper on February 8, 2019, multiplied by the number of shares that the Company held of District Copper at that time. The loss on deconsolidation was calculated as a result of derecognizing the net assets of District Copper, derecognizing the non-controlling interest and recognizing the fair value of the investment in associate. The investment in associate was assessed for impairment indicators relating to the underlying assets of District Copper in accordance with IAS 36 and IFRS 6.

District Copper issued 700,000 shares for mineral claims, further reducing Copper Fox's ownership percentage to 24.30%.

The January 31, 2020 calculation for the investment in associate is as follows:

	Amount
Investment in associate as at October 31, 2019	\$ 933,788
Share of loss from an associate from November 1, 2019 – January 31, 2020	(4,216)
Investment in Associate as at January 31, 2020	\$ 929,572

	Amount
District Copper's net loss from November 1, 2019 – January 31, 2020	\$ 17,347
Copper Fox's ownership percentage from November 1, 2019 – January 31, 2020	24.30%
Share of Loss from an Associate from November 1, 2019 – January 31, 2020	\$ 4,216

The following table illustrates the summarized financial information of the Company's investment in District Copper, including the share of loss from an associate from November 1, 2019 – January 31, 2020:

District Copper Corp. Statement of Financial Position at 100%	January 31, 2020
ASSETS	
<u>Current Assets</u>	
Cash	\$ 34,163
GST receivable	5,013
Total Current Assets	39,176
<u>Non-Current Assets</u>	
Reclamation Deposits	212,000
Exploration and Evaluation Assets	2,795,425
Total Assets	\$ 3,046,601
LIABILITIES AND SHAREHOLDERS' EQUITY	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	\$ 156,488
Flow-through premium liability	9,043
	165,531

COPPER FOX METALS INC.*Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)**

Total Current Liabilities	
Decommissioning Provision	237,691
Total Liabilities	403,222
<u>Shareholders' Equity</u>	
Share capital	20,250,701
Share-based payment reserve	38,798
Deficit	(17,646,120)
Total Shareholders' Equity	2,643,379
Total Liabilities and Shareholders' Equity	\$ 3,046,601

District Copper Corp. Statement of Operations and Comprehensive Loss at 100%	November 1, 2019 – January 31, 2020
<u>Expenses</u>	
Administration	\$ 70,413
Depreciation, amortization and accretion	473
Professional fees	305
Interest and other income	(53,844)
Net Loss	\$ 17,347

The prior year ended October 31, 2019 calculation for the investment in associate is as follows:

	Amount
Trading price of District Copper as at February 8, 2019	\$ 0.03
Number of District Copper Shares owned by Copper Fox as at February 8, 2019	33,283,264
Initial Recognition of the Investment in Associate on February 8, 2019	\$ 998,498

	Amount
District Copper's net loss from February 9 – October 31, 2019	\$ 264,879
Copper Fox's ownership percentage from February 9 - October 31, 2019	24.43%
Share of Loss from an Associate from February 9 - October 31, 2019	\$ 64,710

	Amount
Investment in associate as at February 8, 2019	\$ 998,498
Share of loss of an associate equity pick-up from February 9 - October 31, 2019	(64,710)
Investment in Associate as at October 31, 2019	\$ 933,788

COPPER FOX METALS INC.*Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)**

The following table illustrates the summarized financial information of the Company's investment in District Copper, including the share of loss from an associate from February 9 – October 31, 2019:

District Copper Corp. Statement of Financial Position at 100%	October 31, 2019
ASSETS	
<u>Current Assets</u>	
Cash	\$ 50,184
GST receivable	25,196
Total Current Assets	75,380
<u>Non-Current Assets</u>	
Reclamation Deposits	212,000
Exploration and Evaluation Assets	2,782,725
Total Assets	\$ 3,070,105
LIABILITIES AND SHAREHOLDERS' EQUITY	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	\$ 156,619
Flow-through premium liability	15,542
Total Current Liabilities	172,161
Decommissioning Provision	237,218
Total Liabilities	409,379
<u>Shareholders' Equity</u>	
Share capital	20,250,701
Share-based payment reserve	38,798
Deficit	(17,628,773)
Total Shareholders' Equity	2,660,726
Total Liabilities and Shareholders' Equity	\$ 3,070,105

District Copper Corp. Statement of Operations and Comprehensive Loss at 100%	February 9 - October 31, 2019
<u>Expenses</u>	
Administration	\$ 325,675
Depreciation, amortization and accretion	1,418
Professional fees	51,921
Interest and other income	(114,135)
Loss Before Taxes	\$ 264,879
Deferred income tax recovery	-
Net Loss	\$ 264,879

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

	Balance October 31, 2019	Additions	Balance January 31, 2020
<u>Van Dyke Project</u>			
Acquisition of property rights	\$ 2,585,093	\$ -	\$ 2,585,093
Technical analysis	6,189,651	64,080	6,253,731
Licenses and permits	56,029	-	56,029
Foreign exchange	1,461,840	50,463	1,512,303
Total Van Dyke Project	10,292,613	114,543	10,407,156
<u>Sombrero Butte Project</u>			
Acquisition of property rights	\$ 952,423	\$ -	\$ 952,423
Technical analysis	876,551	5,480	882,031
Licenses and permits	64,466	-	64,466
Foreign exchange	300,638	14,170	314,808
Total Sombrero Butte Project	2,194,078	19,650	2,213,728
<u>Mineral Mountain Project</u>			
Technical analysis	\$ 631,029	\$ 9,897	\$ 640,926
Foreign exchange	(355)	4,112	3,757
Total Mineral Mountain Project	630,674	14,009	644,683
Total Arizona Properties	\$ 13,117,365	\$ 148,202	\$ 13,265,567
<u>Schaft Creek Project</u>			
Acquisition of property rights	\$ 3,053,755	\$ -	\$ 3,053,755
Technical analysis	61,924,633	4,022	61,928,655
Licenses and permits	106,623	-	106,623
BC Mineral Exploration Tax Credit	(3,575,505)	-	(3,575,505)
Total Schaft Creek Project	61,509,506	4,022	61,513,528
Total Mineral Properties	\$ 74,626,871	\$ 152,224	\$ 74,779,095

	Balance October 31, 2018	Additions	Deductions Due to Deconsolidation	Balance October 31, 2019
<u>Van Dyke Project</u>				
Acquisition of property rights	\$ 2,585,093	\$ -	\$ -	\$ 2,585,093
Technical analysis	5,820,955	368,696	-	6,189,651
Licenses and permits	56,029	-	-	56,029
Foreign exchange	1,534,765	(72,925)	-	1,461,840
Total Van Dyke Project	9,996,842	295,771	-	10,292,613

COPPER FOX METALS INC.*Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)**

<u>Sombrero Butte Project</u>				
Acquisition of property rights	\$ 899,279	\$ 53,144	\$ -	\$ 952,423
Technical analysis	802,238	74,313	-	876,551
Licenses and permits	64,466	-	-	64,466
Foreign exchange	300,022	616	-	300,638
Total Sombrero Butte Project	2,066,005	128,073	-	2,194,078
<u>Mineral Mountain Project</u>				
Technical analysis	\$ 480,091	\$ 150,938	\$ -	\$ 631,029
Foreign exchange	863	(1,218)	-	(355)
Total Mineral Mountain Project	480,954	149,720	-	630,674
Total Arizona Properties	\$ 12,543,801	\$ 573,564	\$ -	\$ 13,117,365
<u>Schaft Creek Project</u>				
Acquisition of property rights	\$ 3,053,755	\$ -	\$ -	\$ 3,053,755
Technical analysis	61,906,198	18,435	-	61,924,633
Licenses and permits	106,623	-	-	106,623
BC Mineral Exploration Tax Credit	(3,575,505)	-	-	(3,575,505)
Total Schaft Creek Project	61,491,071	18,435	-	61,509,506
<u>Eaglehead</u>				
Property acquisition	\$ 639,000	\$ -	\$ (639,000)	\$ -
Technical analysis	6,153,327	-	(6,153,327)	-
BC Mineral Exploration Tax Credit	(93,981)	-	93,981	-
Total Eaglehead	6,698,346	-	(6,698,346)	-
Total British Columbia Properties	68,189,417	18,435	(6,698,346)	61,509,506
Total Mineral Properties	\$ 80,733,218	\$ 591,999	\$ (6,698,346)	\$ 74,626,871

Schaft Creek Joint Venture

Copper Fox's primary asset is a 25% direct and indirect working interest in the Schaft Creek Joint Venture ("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 the Liard Copper Mines Ltd. Liard holds a 30% Net Proceeds Interest in the Schaft Creek project subject to certain terms and conditions. Royal Gold holds a 3.5% Net Profits Interest in certain mineral claims.

Teck is the operator of the SCJV and is responsible for, in addition to other obligations, funding the first \$60 million in pre-production expenditures at Schaft Creek. After the first \$60 million has been funded by Teck, the costs will be split based on the ownership percentage. As of January 31, 2020, Teck has funded approximately \$18 million towards the Schaft Creek project since mid-2013 (Note 11).

Van Dyke Project

In 2012, Copper Fox acquired 100% of Bell's interest in the Van Dyke copper project located in Miami, Arizona. Acquisition costs were \$500,000 in cash to Bell, \$1,499,400 (US \$1,500,000) to the Vendors (owners of the Van Dyke project) and assumption of 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

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

from the Van Dyke deposit. As of January 31, 2020, Copper Fox has incurred \$10,407,156 (US \$7,952,211) in expenditures, which includes the acquisition and exploration costs as well as completion of the Preliminary Economic Assessment (“PEA”).

Sombrero Butte Project

In 2012, Copper Fox acquired the rights, provided all option payments are made when due, to 100% of Bell’s Sombrero Butte property located in the Bunker Hill Mining District, 44 miles northeast of Tucson, Arizona.

Acquisition costs were \$500,000 in cash and an assumption of Bell’s remaining option obligation on the property of \$599,760 (US \$600,000). In 2016, Copper Fox re-negotiated the continuing obligation on the property to a US \$40,000 annual payment. As at January 31, 2020 the option obligation outstanding is US \$80,000. Upon completion of these annual payments, Copper Fox will hold an undivided 100% interest in the Sombrero Butte property. As of January 31, 2020, Copper Fox has incurred \$2,213,728 (US \$1,674,316) in expenditures, which includes the acquisition and exploration costs.

Mineral Mountain Project

Mineral Mountain is in the same structural trend that hosts the Globe-Miami, Resolution, Florence and Casa Grande copper deposits in Arizona and is 100% wholly owned by Copper Fox. The property is located between the Florence copper deposit and the Resolution copper deposit and is underlain by Precambrian age Pinal Schist, diabase and granite that has been intruded by Laramide age quartz monzonite and granodiorite.

As of January 31, 2020, the Company has incurred \$644,683 (US \$487,595) in expenditures over the life of the project, by completing a regional geochemical assessment, locating claims, annual filing fees, acquiring an Arizona exploration permit and funding exploration activities.

7. Property and Equipment

	Cost	Accumulated Amortization	Net Book Value October 31, 2019	Net Book Value January 31, 2020
Asset retirement	\$ 134,179	\$ 126,688	\$ 9,961	\$ 7,491
Buildings	137,250	101,707	36,454	35,543
Computer equipment	82,544	79,368	3,434	3,176
Furniture & equipment	46,887	43,654	3,403	3,233
Heavy equipment	173,332	170,145	3,446	3,187
Total	\$ 574,192	\$ 521,562	\$ 56,698	\$ 52,630

COPPER FOX METALS INC.*Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)**

	Cost	Accumulated Amortization	Net Book Value October 31, 2018	Net Book Value October 31, 2019
Asset retirement	\$ 133,993	\$ 124,032	\$ 30,306	\$ 9,961
Buildings	137,250	100,796	40,505	36,454
Computer equipment	82,544	79,110	4,906	3,434
Furniture & equipment	46,887	43,484	4,254	3,403
Heavy equipment	173,332	169,886	4,922	3,446
Total	\$ 574,006	\$ 517,308	\$ 84,893	\$ 56,698

Property and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

8. Decommissioning Liability

The Company's decommissioning liability relates to its share of reclamation and closure costs for the Schaft Creek property. The total decommissioning liability is based on the Company's proportion of estimated future costs necessary to reclaim the property and facilities.

The Company estimated the net present value of its share of the decommissioning liability of Schaft Creek to be \$178,959 as at January 31, 2020 (October 31, 2019 - \$177,968) based on an undiscounted and inflated future liability of \$184,635 (October 31, 2019 - \$184,796).

The Company's estimated risk-free rate of 1.46% (October 31, 2019 – 1.32%) and inflation rate of 1.80% (October 31, 2019 – 1.90%) were used to calculate the present value of the decommissioning liabilities.

	Amount
<u>Opening Balance, November 1, 2019</u>	\$ 177,968
Additions	
Accretion	805
Revisions	186
Balance, January 31, 2020	\$ 178,959

	Copper Fox	District Copper	Amount
<u>Opening Balance, November 1, 2018</u>	\$ 184,338	\$ 235,327	\$ 419,665
Additions			
Accretion	2,342	-	2,342
Revisions	(8,712)	-	(8,712)
Deductions			
Deconsolidation	-	(235,327)	(235,327)
Balance, October 31, 2019	\$ 177,968	\$ -	\$ 177,968

COPPER FOX METALS INC.*Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)****9. Share Capital****Authorized**

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 January 31, 2020, the issued and outstanding shares are as follows:

	Number of Shares	Amount
Opening Balance, November 1, 2019	461,274,160	\$ 78,835,530
Additions		
There were no shares issued during Q1 2020	-	-
Balance, January 31, 2020	461,274,160	\$ 78,835,530

	Number of Shares	Amount
Opening Balance, November 1, 2018	448,980,160	\$ 77,613,179
Additions		
February 25, 2019 warrants exercised	120,000	14,400
April 29, 2019 private placement	12,174,000	1,339,140
April 29, 2019 warrants granted	-	(122,199)
Shares issuance costs – Legal fees	-	(8,990)
Balance, October 31, 2019	461,274,160	\$ 78,835,530

During the prior year ended October 31, 2019, the Company incurred the following shares issuances:

On April 29, 2019, the Company closed a non-brokered private placement, raising aggregate gross proceeds of \$1,339,140 through the sale of 12,174,000 units at a price of \$0.11 per unit. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share for an exercise price of \$0.13 during the first 12-month period after the closing of the offering and \$0.15 during the second 12-month period after the closing of the offering. If 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. Shares issuance costs, in the form of legal fees, of \$8,990 were paid in connection with this private placement.

COPPER FOX METALS INC.*Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)****Warrants**

As of January 31, 2020, the warrants outstanding are as follows:

	Number of Warrants	Amount
<u>Opening Balance, November 1, 2019</u>	30,636,665	\$ 1,541,073
Additions		
There was no warrant activity in Q1 2020	-	-
Balance, January 31, 2020	30,636,665	\$ 1,541,073

	Number of Warrants	Amount
<u>Opening Balance, November 1, 2018</u>	25,919,665	\$ 1,238,412
Additions		
February 25, 2019 warrants exercised	(120,000)	-
April 29, 2019 warrants granted	6,087,000	122,199
June 9, 2019 warrants expired	(1,250,000)	-
June 30 and July 27, 2019 warrants extended	-	180,462
Balance, October 31, 2019	30,636,665	\$ 1,541,073

The value of the April 29, 2019 warrants granted were calculated using Black Sholes with an exercise price of \$0.13 in the first year and \$0.15 in the second year, an expected life of two years, a volatility rate of 67.04% and a risk-free rate of 1.56%.

Management decided to extend the June 30, 2019 warrants by one year. The value of the June 30, 2019 warrant extensions were calculated using Black Sholes with an exercise price of \$0.17, an expected life of one year, a volatility rate of 73.11% and a risk-free rate of 1.52%. The fair value incremental change of \$75,945 was recognized on the share purchase warrants line of the balance sheet.

Management decided to extend the July 27, 2019 warrants by one year. The value of the July 27, 2019 warrant extensions were calculated using Black Sholes with an exercise price of \$0.17, an expected life of one year, a volatility rate of 73.86% and a risk-free rate of 1.54%. The fair value incremental change of \$104,517 was recognized on the share purchase warrants line of the balance sheet.

The breakdown of the warrants outstanding is as follows:

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of January 31, 2020	Warrant Expiry Date
5,880,000	\$ 0.15	5,880,000	June 18, 2020
9,503,000	0.17	9,503,000	June 30, 2020
9,166,665	0.17	9,166,665	July 27, 2020
6,087,000	0.13 – 0.15	6,087,000	April 29, 2021
30,636,665		30,636,665	

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

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 grant of options.

Under 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 January 31, 2020, the Company had no options outstanding.

10. Related Party Transactions

Copper Fox

During the three months ended January 31, 2020, legal fees of \$9,457 (January 31, 2019 - \$3,304) were paid to Farris, Vaughan, Wills & Murphy LLP ("**Farris**"). As at January 31, 2020, included in accounts payable to Farris was \$8,217 (October 31, 2019 - \$Nil). One of the partners at Farris' is a member of Copper Fox's Board.

Prior to the completion of the Private Placement announced on February 13, 2020, a related party shareholder advanced \$100,000 to the Company as part of its private placement subscription which closed on March 26, 2020. On the closing of the private placement, the shares were issued to this related party shareholder on the same terms as all of the other parties who participated in the placement. As of January 31, 2020, this amount was included in accrued liabilities on the financial statements.

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 are as follows:

	January 31, 2019	January 31, 2020
Directors fees	\$ 5,500	\$ 500
Salaries and consulting fees	129,875	84,875
Total	\$ 135,375	\$ 85,375

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

11. Commitments

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

Year Ended	2020	2021	2022	2023	2024
Amount	\$45,697	\$60,930	\$60,930	\$62,953	\$62,953

Sombrero Butte

The Company is committed to pay the balance outstanding of two-yearly option payments totalling \$105,776 (US \$80,000) under the Sombrero Butte acquisition agreement to earn 100% interest in the property. The next payment of \$52,888 (US \$40,000) is due on October 15, 2020 (Note 6), with the final payment due on October 15, 2021.

Schaft Creek Joint Venture

Teck holds a 75% interest and the Company holds a 25% interest in the 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 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 (Note 6).

COPPER FOX METALS INC.*Notes to the Interim Consolidated Financial Statements (Unaudited)***Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)****12. Financial Instruments**

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

The Company's financial assets and liabilities are categorized as follows:

	As at January 31, 2020				
	Financial Assets at Amortized Cost	FVTOCI	Financial Liabilities at Amortized Cost	Total Carrying Amount	Total Fair Value
<u>Financial Assets</u>					
Cash and cash equivalents	\$ 189,565	\$ -	\$ -	\$ 189,565	\$ 189,565
Amounts receivables	52,438	-	-	52,438	52,438
Deposits	11,899	-	-	11,899	11,899
Investments	-	111,817	-	111,817	111,817
Total Financial Assets	\$ 253,902	\$ 111,817	\$ -	\$ 365,719	\$ 365,719
<u>Financial Liabilities</u>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 230,461	\$ 230,461	\$ 230,461
Total Financial Liabilities	\$ -	\$ -	\$ 230,461	\$ 230,461	\$ 230,461

	As at October 31, 2019				
	Financial Assets at Amortized Cost	FVTOCI	Financial Liabilities at Amortized Cost	Total Carrying Amount	Total Fair Value
<u>Financial Assets</u>					
Cash and cash equivalents	\$ 374,507	\$ -	\$ -	\$ 374,507	\$ 374,507
Amounts receivables	47,909	-	-	47,909	47,909
Deposits	11,820	-	-	11,820	11,820
Investments	-	112,649	-	112,649	112,649
Total Financial Assets	\$ 434,236	\$ 112,649	\$ -	\$ 546,885	\$ 546,885
<u>Financial Liabilities</u>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 129,240	\$ 129,240	\$ 129,240
Total Financial Liabilities	\$ -	\$ -	\$ 129,240	\$ 129,240	\$ 129,240

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:

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

- *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 (Note 4),
- *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 is carried every year at fair value and is a Level 3 instrument (Note 4).

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:

- 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 January 31, 2020 is \$52,438 (October 31, 2019 - \$47,909).

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 three months ended January 31, 2020 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 and the net losses 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.

As at January 31, 2020, the Company had \$6,391 in US denominated cash balances.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

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 January 31, 2020, the Company is exposed only on its cash balances.

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 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.

Capital Management

The Company's capital structure includes working capital and shareholders' equity. The Company is largely reliant on junior resource venture capital markets for additional financing requirements.

13. Geographic Segments

	Three Months Ended	
	January 31, 2019	January 31, 2020
<u>Net Loss</u>		
Canada	\$ 190,123	\$ 199,885
United States	5,484	5,687
Total	\$ 195,607	\$ 205,572

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

	October 31, 2019	January 31, 2020
<u>Current Assets</u>		
Canada	\$ 406,510	\$ 233,553
United States	15,906	8,451
<u>Non-Current Assets</u>		
Canada	\$ 62,067,431	\$ 62,065,203
United States	13,674,395	13,819,809
Total Assets	\$ 76,164,242	\$ 76,127,016

14. Subsequent Events

- On February 10, 2020, the Company entered into a property sales agreement with District Copper Corp., where District has agreed to sell to the Northern Fox, a wholly owned subsidiary of Copper Fox, all of its right, title and interest in and to 6 contiguous mineral claims covering approximately 15,956 hectares of lands located in the Liard Mining Division of northern British Columbia, historically referred to by District as the Eaglehead Property.

The sale is subject to the reservation a 0.5% net smelter return royalty for District on any future production. The consideration due and payable to District for the Eaglehead Property is the total sum of \$1,200,000, plus the assumption by Northern Fox of the reclamation bonds in the amount of \$212,000, which has been deposited by District with the Ministry of Mines and BMO.

Under the terms of the agreement, Northern Fox has paid a non-refundable deposit of \$50,000 upon signing the agreement. An additional \$150,000 will be paid upon the closing of the agreement and the balance of the purchase price in the amount of \$1,000,000 will be payable in three annual installments of \$340,000, \$330,000 and \$330,000, respectively, on each anniversary of the closing date.

The \$1,000,000 unpaid portion of the purchase price is guaranteed by Copper Fox and is to be secured by a general security agreement to be registered against the assets and undertaking of Northern Fox. The assets of Northern Fox include 33,283,264 common shares of District Copper. The disposition of the Eaglehead Property will by definition and under TSX Policies be considered a non-arm's length transaction as Northern Fox currently owns 24.30% of the issued and outstanding shares of District, and no longer has Board representation on District, as Elmer Stewart and Mike Smith, both directors for Copper Fox, resigned before the purchase agreement was signed.

- On February 13, 2020, Copper Fox announced, subject to the approval of the TSX:V, a non-brokered private placement of up to 22,500,000 Units at a price of \$0.08 per Unit to raise up to \$1,800,000 in gross proceeds. Each Unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitled 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 of the placement. If the 20-day volume weighted average price of the common shares listed on the TSX:V is above \$0.20, the expiry date of the warrants accelerated to a date that is 30 days after the first date such threshold is met.

COPPER FOX METALS INC.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Three Months Ended January 31, 2020 (Expressed in Canadian Dollars)

- On March 10, 2020, Copper Fox announced that, due to the extreme volatility and overall downturn in the stock markets, the Company, subject to the approval of the TSX:V, re-priced its non-brokered private placement that was announced on February 13, 2020. The re-priced placement consists of up to 30,000,000 Units at a price of \$0.06 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for an exercise price of \$0.10 during the first 12-month period after the closing and \$0.12 during the second 12-month period after the closing of the placement. If the 20-day volume weighted average price of the common shares listed on the TSX Venture Exchange is above \$0.15, 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 private placement may include one or more subscriptions by insiders of the Company, which will include a subscription by Mr. Ernesto Echavarria, a director, insider and a control person of the Company, as defined by the policies of the TSX:V, of a minimum of 20,000,000 Units.
- On March 25, 2020, Copper Fox announced the results of the updated resource estimate for the Van Dyke project. The 2020 resource update resulted in classifying a significant portion of the resource as Indicated, an increase in overall tonnage, an increase in recovered copper grade and an increase in recovered copper metal for the Van Dyke deposit. These changes are due to the 2019 re-assay program, updated geology, and updated metallurgical review and analyses.
- On March 26, 2020, Copper Fox closed its previously announced non-brokered private placement, raising gross proceeds of \$1,481,940 through the sale of 24,699,022 Units at a price of \$0.06 per Unit. Each Unit consists of one common share and one purchase warrant. Each warrant entitles the holder to purchase one common share for an exercise price of \$0.10 during the first 12-month period after the closing of the private placement and \$0.12 during the second 12-month period after the closing of the private placement. If the 20-day volume weighted average price of the common shares listed on the TSX:V is above \$0.15; the expiry date of the warrants will be accelerated to a date that is 30 days after the first such date that threshold is met.
- On March 30, 2020, Copper Fox announced the following term amendments of the March 26, 2020 private placement. The warrants issued in connection with the placement will now have an exercise price of \$0.09 during the 36-month period after the closing of the placements and \$0.12 during the following 12-month period thereafter. The Company also announced that the \$1,800,000 placement remains open until April 24, 2020, with the first tranche raising gross proceeds of \$1,481,940.