



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

**For the Three Months Ended January 31, 2021**

As of March 24, 2021

## **COPPER FOX METALS INC.**

*Management's Discussion and Analysis of Financial Condition and Results of Operation  
For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)*

---

### **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 months ended January 31, 2021 and the related notes thereto.

All the Company's material subsidiaries are wholly owned. As at March 24, 2021, the Company owned 24.30% of the outstanding common shares of District Copper Corp., ("**District**" or "**District Copper**"). 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 March 24, 2021 and was reviewed, approved, and authorized for issue by 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**") under the trading symbol 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 has a pipeline of high-quality operated and non-operated porphyry copper and in-situ copper recovery ("**ISCR**") projects in both the exploration and advanced stages in North America. This pipeline provides the Company with the ability to increase value not only through exploration but also through more advanced stage development studies. Copper Fox's wholly owned subsidiaries; Desert Fox Copper Inc. ("**Desert Fox**") and Northern Fox Copper Inc. ("**Northern Fox**") were established to manage all future exploration and development activities, including equity interest acquired in other mineral projects within North America. 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. 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 and its 100% owned Van Dyke copper project.

Desert Fox's wholly owned subsidiaries: Desert Fox Minerals Co, Desert Fox Van Dyke Co, and Desert Fox Sombrero Butte Co, hold mineral tenures located in Pinal and Gila Counties, 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.

## COPPER FOX METALS INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)

---

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. Mr. Stewart is not independent of the Company.

## 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.

## **COPPER FOX METALS INC.**

### *Management's Discussion and Analysis of Financial Condition and Results of Operation* **For the Three Months Ended January 31, 2021** (Expressed in Canadian Dollars)

---

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 do not guarantee 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 several 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 considering 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. THREE MONTHS ENDED JANUARY 31, 2021 HIGHLIGHTS AND SIGNIFICANT EVENTS**

- On November 3, 2020, Copper Fox reported that the metallurgical and process portions, copper production schedules, annual production of 85Mlbs/year, a sweep efficiency of 89% and metallurgical recovery at 90%, have been established for the Van Dyke Preliminary Economic Assessment ("**PEA**").
- On November 24, 2020, Copper Fox engaged Tetra Tech Canada Inc. ("**Tetra Tech**") to prepare a PEA for the Schaft Creek project. The PEA will provide an update on technical and economic changes to the Schaft Creek project based on a 133,000 tonne per day ("**tpd**") mining and milling throughput case. The Schaft Creek Project is a joint venture between Teck (75% and Operator) and Copper Fox (25%). The SCJV was formed in July 2013.
- On December 10, 2020, Copper Fox provided an update related to the PEA for the Schaft Creek project, the PEA on the Van Dyke project, the Notice of Work and permit to conduct exploration

## COPPER FOX METALS INC.

### *Management's Discussion and Analysis of Financial Condition and Results of Operation* **For the Three Months Ended January 31, 2021** (Expressed in Canadian Dollars)

---

activities on the Eaglehead project and preparation of the 2021 GFOP to conduct drilling operations on the Sombrero Butte project in Arizona.

- On January 12, 2021, Copper Fox announced results from an independent PEA for its Van Dyke ISCR project. The PEA was prepared under the direction of Moose Mountain Technical Service (“MMTS”) with an effective date of December 30, 2020 (see Property Summary Section below).
- On January 29, 2021, Copper Fox announced their 2020 fourth quarter results along with the mention that it had received 8,460,167 exercised warrants for total proceeds of \$1,038,370.

#### Subsequent to the Period Ended:

- On February 4, 2021. Copper Fox announced that the Resource Estimate to support the Schaft Creek PEA is underway and that the PEA contemplates a 133,000 tpd mine/processing facility based on the work completed by the SCJV.
- On March 1, 2021, Copper Fox, announced that it filed on SEDAR a technical report titled “NI 43-101 Preliminary Economic Assessment Technical Report for the Van Dyke Copper Project” dated February 26, 2021, prepared by MMTS and Ausenco. The PEA recommended a US\$15.5 million budget for diamond drilling, permitting and completion of an ISCR pilot test program designed to further investigate overall metal recoveries, connectivity between wells, refine well field design, and determine the extent of rock stimulation required.
- On March 3, 2021. Copper Fox announced the SCJV 2021 program and budgets for the Schaft Creek copper-gold-molybdenum-silver project. The \$3.4 million 2021 Program is designed to review construction timeline and offsite infrastructure costs; metallurgical testwork to confirm throughput assumptions, ensure a ‘fit for purpose’ process design flowsheet, confirm opportunities to decrease the life of mine strip ratio, and update regulatory requirements in accordance with the updated project configuration and associated permitting timeline.
- On March 15, 2021 Copper Fox provided an update of corporate activities that included expected completion of the Resource Estimate for the Schaft Creek project, recission by the Bureau of Land Management (“BLM”) of the need to complete an Environmental Assessment (“EA”) prior to completion of a geophysical program at the Mineral Mountain project and receipt of the Mines Act permit for the Eaglehead project.
- On March 22, 2021, Copper Fox announced the results of the Resource Estimate for the Schaft Creek polymetallic porphyry copper project. The Resource Estimate allows completion of the Schaft Creek PEA, Copper Fox announced on November 24, 2020.

## 4. PROPERTY SUMMARY

### Industry Overview

While the repercussions of the COVID-19 pandemic (“COVID-19”) continues to impact the world economy, several of the largest economies are seeing substantial growth year over year. The outlook for metal demand going forward remains positive, with global policies focussing on green initiatives, sustainable

## **COPPER FOX METALS INC.**

### *Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)*

---

energy generation, transmission, and increased energy consumption, the demand for copper, a major component in these initiatives, is expected to increase significantly. Extensive fiscal stimulus in the world's largest economies continue to strengthen these fundamentals. The supply/demand markets for copper concentrate remain tight and spot copper prices have increased to the US\$4.10/lb range, a price not seen since 2013, a positive sign for the copper industry. While the long-term outlook and demand fundamentals for the metals industry is bullish; the supply side for copper continue to deteriorate because of rapidly declining head grades at existing mines, historically low copper inventories, and a low inventory of large, advanced stage copper projects in the exploration and development pipeline. The combination of these factors combined with the forecasted demand going forward bodes well for the copper industry but does little for an industry facing a projected significant supply deficit.

#### **Corporate Overview**

In March 2020, the World Health Organization declared COVID-19 a global pandemic. One year on, this pandemic continues to spread, adversely affecting workforces, customers, and economies, disrupting the normal operations of many businesses, including ours. Over the past year, this outbreak resulted in lower exploration expenditures, adversely affected our business and results of operations. While it is not possible to predict the duration of the adverse results of the pandemic recent developments indicate a slow return to pre-COVID activity levels.

During Q1 2021, despite the operational delays, the Company announced the results of the PEA on the Van Dyke project and continued to advance the PEA on the Schaft Creek project including completion of a Resource Estimate for the Schaft Creek project. The Schaft Creek PEA is expected to be completed in Q2 2021.

Subsequent to Q1 2021, the Schaft Creek Joint Venture announced the 2021 program and budget which includes a drilling program to collect additional geotechnical and metallurgical data with the objectives of increasing metal recoveries and pit slope angles to decrease the Life of Mine ("LOM") strip ratio. Other developments included recession by the BLM of the requirement to complete the EA prior to completing the proposed Induced Polarization program on the Mineral Mountain project and receipt of the Mines Act permit for the Eaglehead Property which allows Copper Fox to complete the acquisition of the Eaglehead polymetallic porphyry copper project.

Going forward, the Company expects to finalize its 2021 plans for its Canadian and Arizona based projects.

#### **COVID-19 Response Plan**

The Company has developed COVID-19 protocols based on updated rules and regulations outlined by the Province of BC Ministry of Energy and Mines about operating safely in BC as well as following guidelines recommended by the State of Arizona for our US operations. As the Company works toward completion of the acquisition of the Eaglehead project, it will modify its COVID-19 protocols to include the requirements of the Tahltan Nation.

#### **Schaft Creek Project**

In 2013, Teck and Copper Fox formed the SCJV to further explore and develop the Schaft Creek project. The project is located within Tahltan Territory in northwestern British Columbia and hosts one of the largest undeveloped porphyry copper-gold-molybdenum-silver deposits in North America. The Schaft

## COPPER FOX METALS INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)

Creek deposit remains open to expansion in several directions and the exploration potential to locate additional zones of porphyry style mineralization within the project is considered significant.

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.

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 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%).

Between 2013 and 2020, the SCJV continued collecting additional geological, geotechnical, metallurgical and baseline environmental information from the Schaft Creek project, resource modelling, trade-off studies on various aspects of the project as well as participating in social and cultural initiatives with the Tahltan Nation. In 2019, the SCJV conducted an in-depth analysis of a 133,000 tpd throughput scenario for the Schaft Creek project with emphasis on either reducing or deferring capital expenditures and enhancing the value of the project.

In March 2021, Copper Fox completed a Resource Estimate for the Schaft Creek project to support the preparation of the PEA for the Schaft Creek project. The 2021 Resource Estimate confirmed the resource modelling completed by the SCJV in 2018. The Resource Estimate was prepared by Tetra Tech Canada Inc. ("Tetra Tech") and Red Pennant Geoscience. in accordance with NI 43-101 standards (May 9, 2016), CIM Definition Standards (May 19, 2014) with guidance from CIM Best Practice Guidelines (November 29, 2019). The Base Case resource estimate for the Schaft Creek project is reported below:

Category	Mass Mt	Average Value				CuEq %	Metal Content			
		Cu %	Au g/t	Mo %	Ag g/t		Cu Mlb	Au Moz.	Mo Mlb	Ag Moz.
<b>Measured</b>	176.4	0.32	0.22	0.018	1.46	<b>0.48</b>	1,261.49	1.28	71.03	8.26
<b>Indicated</b>	1,169.1	0.25	0.15	0.017	1.22	<b>0.37</b>	6,502.98	5.69	439.56	46.00
<b>Total M&amp;I</b>	<b>1,345.5</b>	<b>0.26</b>	<b>0.16</b>	<b>0.017</b>	<b>1.25</b>	<b>0.39</b>	<b>7,764.47</b>	<b>6.97</b>	<b>510.59</b>	<b>54.26</b>
<b>Inferred</b>	343.6	0.17	0.11	0.013	0.84	<b>0.26</b>	1,303.07	1.18	95.50	9.28

1. Mt=millions of tonnes, Cu=copper, Au=gold, Mo=molybdenum, Ag=silver, CuEq=copper equivalent, Mlb=millions of pounds, Moz.=millions of ounces.
2. Mineral Resources are reported using the 2014 CIM Definition Standards.
3. The QP for the estimate is Mr. Michael F O'Brien, P.Geo., Red Pennant Geoscience.
4. Mineral Resources have an effective date of 15 January 2021.
5. Mineral Resources are reported within a conceptual constraining pit shell that includes the following input parameters:



## **COPPER FOX METALS INC.**

### *Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)*

---

- \$3/lb Cu, \$1,200/oz Au, \$10/lb Mo, \$20/oz Ag, and pit slope angles that vary from 40–44°, metal prices are in US\$.
6. Metallurgical recoveries reflective of prior test work that averages:  
86.6% for copper, 73.0% for gold, 58.8% for molybdenum and 48.3% for silver.
  7. Mineral Resources are reported using a net smelter return ("NSR") cut-off of US\$4.31/t.
  8. Tonnes are metric tonnes, with copper and molybdenum grades as percentages, and gold and silver grades as gram per tonne units.
  9. Copper and molybdenum metal content is reported in pounds and gold and silver content is reported in troy ounces.
  10. Totals and Metal Content may not sum due to rounding and significant digits used in calculations.
  11. Copper Equivalent % was estimated using average metallurgical recoveries for copper, gold, molybdenum and silver and metal prices stated in this release.

During Q1 2021, Copper Fox commissioned an independent PEA on the Schaft Creek project based on the 133ktpd scenario advanced by the SCJV in 2019-2020. The NI 43-101 technical report for the 2021 Resource Estimate will be filed on SEDAR in Q2 2021. The PEA will describe the status of the Schaft Creek project including an updated resource estimate, site layout/infrastructure, optimized pit plan, production schedules, initial capital, operating and life of mine sustaining costs, updated pre-tax and post-tax cash flow models and economic sensitivities.

Subsequent to Q1 2021, the SCJV announced its 2021 program and budget. The program contemplates a 4,000-metre drill program and associated metallurgical and geotechnical testwork to confirm throughput assumptions, improved metal recoveries, metal production, and ensure a capital efficient 'fit for purpose' process design flowsheet. The collection of additional geotechnical information in the proposed pit area may provide opportunities to decrease the LOM strip ratio and reduce operational cost and associated greenhouse gas emissions. As well, analytical data from these drill holes will be added to the project data base and could provide greater certainty for future resource estimations.

#### **Geometallurgical Drilling**

The geometallurgical drilling will collect samples representative of the geometallurgical domains in the mine plan to conduct comminution, open and closed-circuit flotation, mineralogical analysis, and tailings thickening/filtration testing. The laboratory component of the program is expected to take place in early 2022.

#### **Geotechnical Drilling**

The geotechnical drilling within the pit area will provide data to confirm pit slope angles, decrease the LOM strip ratio, and reduce operational cost and associated greenhouse gas emissions.

#### **Environmental Activities**

The planned environmental work is a continuation of environmental baseline monitoring focused on climatology and hydrology, baseline flora and fauna data, and an updated review of project regulatory requirements in accordance with the current project configuration to inform an updated permitting timeline.

In addition to the above technical activities, a significant component of the 2021 program includes continued social-economic interaction with the Tahltan Nation.

During Q1 2021, Copper Fox incurred \$152,440 in expenditures towards the Schaft Creek PEA.



## COPPER FOX METALS INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)

---

#### Van Dyke Project

In 2012, Copper Fox through its wholly owned subsidiary Desert Fox, acquired a 100% working interest in the Van Dyke copper project located in the Globe-Miami Mining District in Arizona. The acquisition cost was US\$1,500,000 including assumption of continuing obligations subject to certain amended terms and conditions including a 2.5% Net Smelter Return production royalty. The Van Dyke project consists of 531.5 hectares (1,312.8 acres) of mineral rights and 5.75 hectares (14.02 acres) of surface rights.

In 2015, Copper Fox filed a NI-43-101 Technical Report entitled "Preliminary Economic Assessment Technical Report for the Van Dyke Copper Project" dated November 18, 2015 (as amended May 2017). The Technical Report was prepared under the direction of MMTS, Mr. Jim Gray, P.Eng. et al. as the Qualified Persons.

In 2019 and early 2020, Copper Fox carried out an expanded analytical program and geological modelling of the Van Dyke deposit resulting in an updated resource statement for the project. This work significantly improved the understanding of the genesis, controls on mineralization and resource expansion potential of the deposit.

During Q2 2020, the updated resource estimate for the Van Dyke project was announced (see News Release dated March 25, 2020); see table below.

Class	KTonnes	TCu (%)	ASCu (%)	CNCu (%)	RecCu (%)	Recovery (%)	Soluble Cu Mlbs	Total Cu Mlbs
Indicated	97,637	0.33	0.23	0.04	0.24	90	517	717
Inferred	168,026	0.27	0.17	0.04	0.19	90	699	1,007

1. The Effective Date of the above estimate is January 9, 2020.
2. The "reasonable prospects for eventual economic extraction" shape has been created based on a copper price of US \$2.80/lb, employment of in-situ leach extraction methods, processing costs of US \$0.60/lb copper, and all in operating and sustaining costs of US \$1.25/tonne, a recovery of 90% for total soluble copper and an average Specific Gravity of 2.6t/m<sup>3</sup>.
3. Approximate drill-hole spacings is 80m for Indicated Mineral Resources.
4. The average dip of the deposit within the Indicated and Inferred Mineral Resource outlines is 20 degrees. Vertical thickness of the mineralized envelope ranges from 40m to over 200m.
5. Rounding as required by Best Practices established by the CIM reporting guidelines may result in slight apparent differences between tonnes, grade and contained metal content.

**Note: Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.**

The NI 43-101 Technical Report titled "Technical Report and Updated Resource Estimate for the Van Dyke Copper Project" dated May 4, 2020 prepared by MMTS (effective date of January 9, 2020) made the following recommendations:

- a combined eight-hole (4,500 m) drilling, metallurgical, geotechnical, and hydrogeological program estimated to cost US\$2.13 million, and
- additional engineering studies.

Based on the positive changes in the resource statement, revised estimated copper recovery and updated geological model; MMTS, supported by other consulting groups, was retained in Q3, 2020 to complete an updated PEA of the Van Dyke project.

**COPPER FOX METALS INC.***Management's Discussion and Analysis of Financial Condition and Results of Operation  
For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)*

During Q1 2021 MMTS completed the PEA, the results of which were news released on January 12, 2021. The effective date of the PEA is December 30, 2020. The PEA indicates a significant improvement in project economics over than achieved in 2015. A comparison of the Base Case for the 2015 and 2020 PEA's is set out below. The 2020 PEA contemplated annual production capacity of 85Mlbs of Grade "A" cathode copper production in years 2-12 declining thereafter to the end of the mine life. The project economic are most sensitive to copper price and copper recovery.

**Table-1: Life of Mine Comparison between 2015 and 2020 Preliminary Economic Assessments**

Production and Cost Summary	Units	Base Case	
		2015 PEA	2020 PEA
Life of Mine (LOM)	years	11	17
Copper Cathode Sold	Million lbs.	456.9	1,101.0
Copper Price	\$US/lb	3.00	3.15
Gross Revenue	M\$US	1,370.0	3,468.3
Royalties	M\$US	31.5	82.5
Total Cash Costs	M\$US	550.2	1,075.8
Total Cash Costs (\$/lb recovered copper)	\$US/lb copper	1.20	0.98
C1 Cash Costs (\$/lb recovered copper)*	\$US/lb copper	1.08	0.86
Sustaining Costs (\$/lb recovered copper)	\$US/lb copper	0.15	0.07
All In Sustaining Cost (AISC)**	\$US/lb copper	1.36	1.14
Initial Capital Costs (includes contingency)	M\$US	204.4	290.5
Taxes	M\$US	110.9	321.0
<b>Cashflow Parameters and Outputs</b>			
Discount Rate	%	8.0%	7.5%
Pre-tax Net Free Cash Flow	M\$US	453.1	1,757.3
Pre-tax NPV	M\$US	213.1	798.6
Pre-tax IRR	%	35.5%	48.4%
Pre-tax Payback	years	2.3	2.0
Post-tax Net Free Cash Flow	M\$US	342.2	1,436.3
Post-tax NPV	M\$US	149.5	644.7
Post-tax IRR	%	27.9%	43.4%
Post-tax Payback	years	2.9	2.1

\* includes Mining, Processing, Site Services, G&A, Transportation, and Royalty Costs

\*\* includes Total Cash Cost, Sustaining Capital, Royalty Costs, Severance Taxes

lbs=pounds, M\$US=million United States dollars, numbers are rounded

C1 and AISC costs are non-GAAP financial measures which do not have standardized meanings prescribed by International Financial Reporting Standards (IFRS). These measures are meant to provide further information to investors and should not be considered in isolation or used as a substitute for other measures of performance prepared in accordance with IFRS.

## COPPER FOX METALS INC.

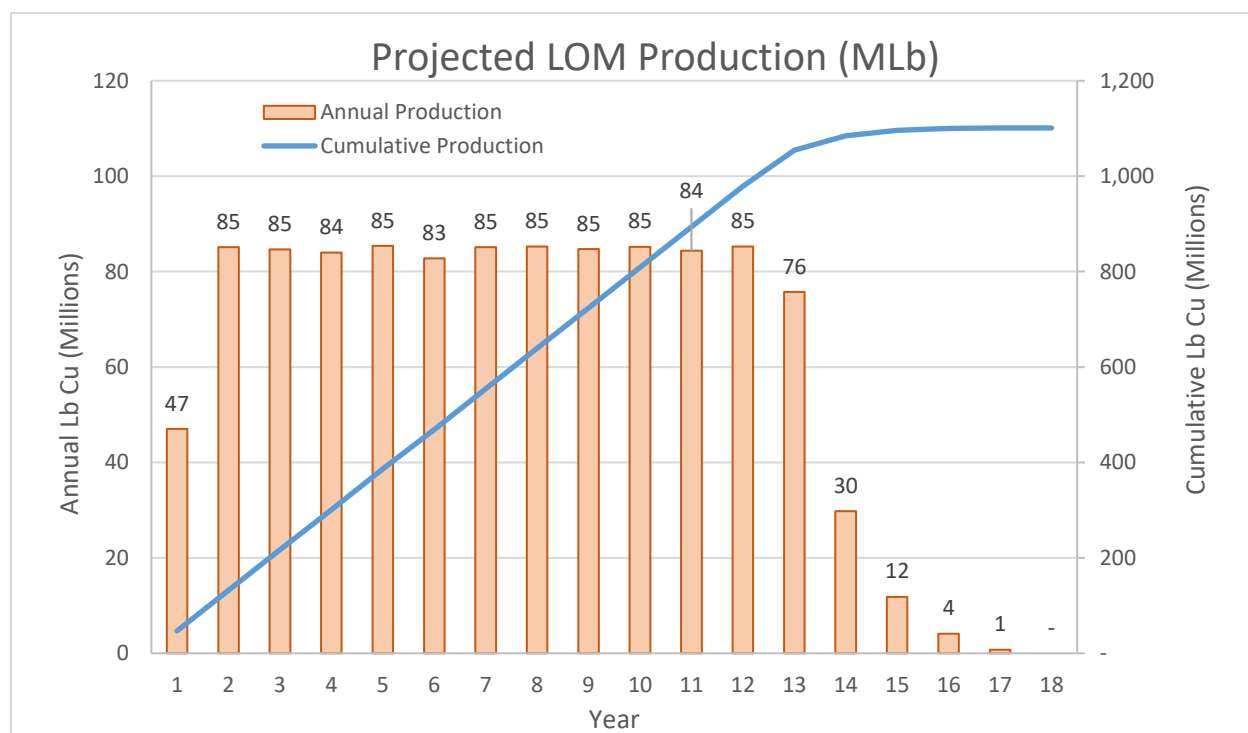
Management's Discussion and Analysis of Financial Condition and Results of Operation  
For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)

The following table shows the economic sensitivity of the Van Dyke project to increased copper prices. The Base Case for the project is at \$US3.15/lb copper.

Production	Unit	Copper Price (\$US)		
		\$US3.15	\$US3.30	\$US3.50
Gross Revenue	M\$US	3,468.3	3,633.5	3,853.7
Royalties	M\$US	82.5	86.4	91.7
Taxes	M\$US	321.0	350.4	389.7
AISC (\$/lb/recovered copper)	\$/lb.	1.14	1.15	1.15
Cashflow Parameters and Outputs	Unit	\$US3.15	\$US3.30	\$US3.50
Pre-tax Net Free Cash Flow-EBITDA	M\$US	1,757.3	1,901.4	2,093.5
Pre-tax NPV	M\$US	798.6	870.9	966.7
Pre-tax IRR	M\$US	48.4%	51.3%	55.1
Post Tax Net Free Cash Flow	M\$US	1,436.3	1,551.0	1,703.8
Post-tax NPV	M\$US	644.7	701.8	777.9
Post-tax IRR	M\$US	43.4%	45.8%	49.1%

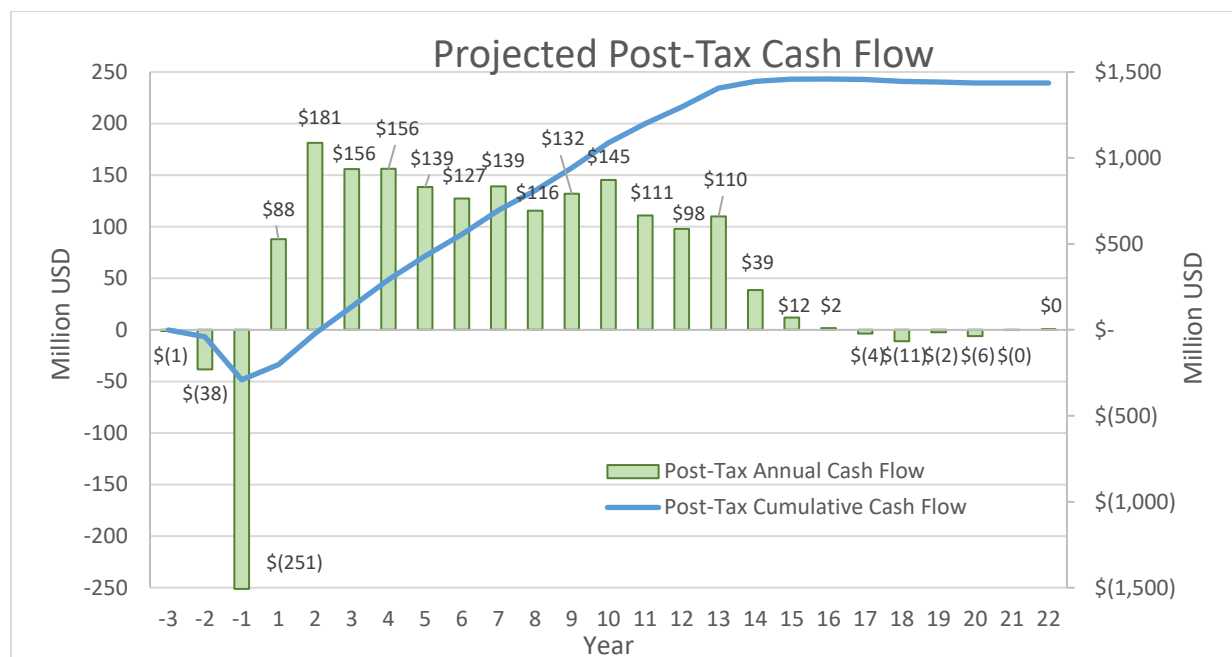
*The results of the 2021 PEA are preliminary in nature as it includes an inferred mineral resource which is considered too speculative geologically to have the economic considerations applied that would enable them to be categorized as mineral reserves. There is no certainty that the PEA forecasts will 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.*

Figures below show the project LOM annualized copper production and projected post-tax-free cash flow.



## COPPER FOX METALS INC.

Management's Discussion and Analysis of Financial Condition and Results of Operation  
For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)



The Technical Report prepared in accordance with NI 43-101 for the Van Dyke PEA was filed on SEDAR and the Company's website during Q2 2021.

During Q1 2021, Copper Fox incurred \$57,627 (US \$45,099) in expenditures towards the Van Dyke project for rent, geology, and consulting fees related to completion of the 2020 PEA.

### Sombrero Butte Project

In 2012, Copper Fox through its wholly owned subsidiary Desert Fox, acquired the Sombrero Butte copper project located in the Bunker Hill Mining District in Arizona. Acquisition cost was US\$500,000 including assumption of continuing obligations subject to certain amended terms and conditions including an option on certain mineral and patented claims held by an arm's length third party, one \$40,000 annual option payment is remaining. The Sombrero Butte project consists of three Arizona mineral exploration permits, 77 BLM claims and 3 patented mineral claims covering approximately 1,388.9 ha (3,432.5 acres).

The exploration model used to explore the Sombrero Butte project is the Laramide age, Copper Creek porphyry copper deposit located 3 kms north of the Sombrero Butte project. The surface expression of that deposit is a swarm of NW-SE trending mineralized breccia pipes hosted in the Copper Creek granodiorite. This breccia pipe swarm and the Copper Creek granodiorite extends to the southeast onto the Sombrero Butte project.

Between 2012 and 2019, Copper Fox completed surface mapping, sampling, geophysical surveys, and compilation activities on the project. The exploration has identified the surface footprints of two high priority porphyry targets. Target #1 located in the northern portion of the property underlies the area of historical production and cross the property boundary onto the Copper Creek project to the north. Target #2 located in the center of the property is underlain by Copper Creek granodiorite, Glory Hole Volcanics, late-stage dikes and hosts and a swarm of mineralized breccia pipes. Vein hosted copper-molybdenum mineralization, extensive goethite veining (after pyrite) and strong argillic alteration occur throughout this

## **COPPER FOX METALS INC.**

### *Management's Discussion and Analysis of Financial Condition and Results of Operation* **For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)**

---

target. Target #2 is interpreted to represent the near surface expression of the cupola of a buried porphyry system.

The project is at the "drill ready stage". No additional work is planned for the Sombrero Butte project in 2021. It is expected that drill testing of this project would be combined with drill testing of the Mineral Mountain project in early 2022. Combining both projects into one drill contract is expected to result in overall lower drill costs.

For Q1 2021, Copper Fox incurred \$2,453 (US \$1,920) in expenditures towards the Sombrero Butte project for core storage costs.

#### **Mineral Mountain Project**

In 2015, Copper Fox through its wholly owned subsidiary Desert Fox, staked the Mineral Mountain copper project located in the Mineral Mountain Mining District, 20 miles east of Florence, Arizona. Mineral Mountain is an early-stage Laramide age, exploration project located within the 100km long, ENE structural trend that hosts the Casa Grande, Florence, Resolution and Globe-Miami copper deposits. The property is 100% owned by Copper Fox and consists of one Arizona exploration permit (725 acres) and 180 BLM claims covering approximately 2,043 ha.

Mapping and sampling programs completed between 2015 and 2019 resulted in outlining the copper footprints of two large porphyry copper targets. The samples collected between 2015 and 2019, although not necessarily representative of the mineralization on the property, provides geochemical data that could be used as a vector to locate the cupola of the porphyry system.

Target #1 exhibits a copper "footprint" that measures 4,500m long by up to 2,000m wide, hosted primarily in a multi-phase Laramide age intrusive stock. Malachite, chrysocolla, chalcocite as well as rare covellite and chalcopyrite occur primarily in quartz veinlets, quartz stockwork, filling fractures, and disseminations indicating several episodes of weathering-oxidization-supergene enrichment of a primary sulphide copper mineralization. Three zones of coincident copper-molybdenum mineralization occur within this target; the largest of which correlates with a historical chargeability/resistivity anomaly (1,800m by 900m) outlined in 1971. Molybdenite within these zones occurs in quartz veinlets and quartz stockwork ("B" veins).

Target #2 consists of quartz veinlet and fracture hosted malachite and chrysocolla copper mineralization over a 2,800m long by 400m wide, NE trending zone hosted in Precambrian granitic and diabase rocks and in EW trending Laramide age granodiorite dikes. The mineral assemblage and alteration pattern suggest a buried intrusive stock is the possible source for the copper mineralization.

Subsequent to Q1 2021, the BLM rescinded its earlier request to complete an Environmental Assessment (EA) prior to commencing a proposed geophysical survey. The Company has re-instated its plans for completing the IP survey on or before the end of Q4 2021.

For Q1 2021, Copper Fox incurred \$Nil (US \$Nil) in expenditures towards the Mineral Mountain project.

#### **District Copper Investment in Associate**

In Q2 2020, Northern Fox executed a purchase agreement with District to acquire 100% of the Eaglehead

## COPPER FOX METALS INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)

project. Eaglehead is an exploration stage polymetallic porphyry copper project that covers an 8 km long hydrothermal system hosting five large zone of porphyry style polymetallic copper mineralization with typical porphyry style alterations hosted in an early Triassic multi-phase intrusive stock. The transaction has received conditional approval from the TSX Venture Exchange. A condition for closing the transaction required the transfer of the project's Mines Act permit from District to Copper Fox. Copper Fox filed a Notice of Work ("NOW") in May 2020.

Subsequent to Q1 2021, Copper Fox received the Mines Act permit from the BC Ministry of Energy and Mines and is proceeding to complete the acquisition of the Eaglehead project. Logistical preparations to support the proposed 2021 deep penetrating chargeability/resistivity survey and a geological mapping program are underway.

No work was completed on any of District's projects during Q1 2021.

## 5. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

	January 31, 2021 3 Months Ended	October 31, 2020 3 Months Ended	July 31, 2020 3 Months Ended	April 30, 2020 3 Months Ended
Loss before taxes	\$ 199,324	\$ 299,017	\$ 248,589	\$ 375,725
Net loss	199,324	(291,983)	248,589	375,725
Comprehensive (gain)/loss	791,658	(453,015)	940,165	(283,957)
Comprehensive (gain)/loss per share, basic and diluted	0.00	(0.00)	0.00	(0.00)

	January 31, 2020 3 Months Ended	October 31, 2019 3 Months Ended	July 31, 2019 3 Months Ended	April 30, 2019 3 Months Ended
Loss before taxes	\$ 205,572	\$ 289,922	\$ 270,252	\$ 1,974,306
Net loss	205,572	188,765	270,252	1,974,306
Comprehensive loss	139,438	257,746	528,250	1,732,808
Comprehensive loss per share, basic and diluted	0.00	0.00	0.00	0.00

The Company's quarterly operating expenses decreased slightly in Q1 2021 compared to Q4 2020 due to the decrease in professional and investor relation fees.

## 6. DISCUSSION OF OPERATIONS

All 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 consolidated financial statements for the year ended October 31, 2020 for Copper Fox's "Basis of Presentation and Significant Accounting Policies".

## COPPER FOX METALS INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)

---

For the three months ended January 31, 2021 and 2020, the expenses were:

	Three Months Ended	
	January 31, 2020	January 31, 2021
<u>Expenses</u>		
Administration	\$ 182,279	\$ 152,885
Depreciation, amortization, and accretion	5,060	7,117
Professional fees	15,070	8,975
Interest and other income	(1,053)	(166)
Share of loss of an associate	4,216	30,513
<b>Net Loss</b>	<b>\$ 205,572</b>	<b>\$ 199,324</b>

### Three Months Ended January 31, 2021 Compared to Three Months Ended January 31, 2020

For the three months ended January 31, 2021, the Company recorded a net loss of \$199,324 or \$0.00 per share compared to a net loss of \$205,572 or \$0.00 per share in the comparable prior period. The Company's quarterly operating expenses decreased slightly in Q1 2021 compared to Q1 2020 due to the decrease in investor relation fees offset by the increase in shareholder communications fees due to the increase in news releases in this comparable period.

## 7. 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.

As at January 31, 2021, the Company's cash position was \$1,117,774 (October 31, 2020 - \$491,933).

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



## COPPER FOX METALS INC.

### *Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)*

---

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 January 31, 2021, Copper Fox had working capital of \$1,087,728 (October 31, 2020 – \$422,113). The working capital increased during the three months ended compared to the year ended October 31, 2020 due to warrant exercises that occurred in Q1 2021.

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 Van Dyke, Sombrero Butte and Mineral Mountain 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 decommissioning provision of \$178,934, its Sombrero Butte option payments of \$51,112 (US \$40,000), its deferred tax liability of \$967,258 and its lease liability of \$123,465.

#### **Cash Flow Highlights**

	<b>Three Months Ended</b>	
	<b>January 31, 2020</b>	<b>January 31, 2021</b>
Cash and cash equivalents used in operating activities	\$ (96,293)	\$ (199,221)
Cash and cash equivalents used in investing activities	(83,480)	(212,986)
Cash and cash equivalents provided by financing activities	-	1,062,950
Increase in cash and cash equivalents for the period	(179,773)	650,743
Translation effect of foreign currency	(5,169)	(24,902)
Cash and cash equivalents balance, beginning of year	374,507	491,933
<b>Cash and Cash Equivalents Balance, End of Period</b>	<b>\$ 189,565</b>	<b>\$ 1,117,774</b>

#### **Cash Flow for the Three Months Ended January 31, 2021**

##### Operating Activities

Cash and cash equivalents used in operating activities in the current period was \$199,221 compared to \$96,293 in the prior comparable period. The increase is due to paying off accounts payable in the current period compared to the prior comparable period.

## **COPPER FOX METALS INC.**

*Management's Discussion and Analysis of Financial Condition and Results of Operation*  
**For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)**

---

### Investing Activities

Cash and cash equivalents used in investing activities in the current period was \$212,986 compared to \$83,480 in the prior comparable period. The increase is due to the PEA on Schaft Creek.

### Financing Activities

Cash and cash equivalents provided by financing activities in the current period was \$1,062,950 compared to \$Nil in the prior comparable period. The increase is a result of warrants being exercised in the current comparable period.

### **Capital Resources**

As of January 31, 2021, and as of the date of this MD&A, the Company had \$1,117,774 and \$999,369 in cash respectively.

### **Commitments**

#### Sombrero Butte

The Company is committed to pay the balance outstanding of one final yearly option payments totalling \$51,112 (US \$40,000) under the Sombrero Butte acquisition agreement to earn 100% interest in two patented and seventeen unpatented mining claims, with 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 each of 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

## COPPER FOX METALS INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)

---

- (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.

## 8. RELATED PARTY TRANSACTIONS

### Copper Fox

During the three months ended January 31, 2021, legal fees of \$8,975 (January 31, 2020 - \$9,457) were paid to Farris, Vaughan, Wills & Murphy LLP ("Farris"). As at January 31, 2021, included in accounts payable to Farris was \$8,765 (October 31, 2020 - \$1,845). One of the partners at Farris' is a member of Copper Fox's Board. As of January 31, 2020, included in accounts receivable to Copper Fox was \$41,660 (October 31, 2020 - \$41,660) due from District Copper.

### 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, 2020	January 31, 2021
Directors fees	\$ 500	\$ 500
Salaries and consulting fees	84,875	84,875
<b>Total</b>	<b>\$ 85,375</b>	<b>\$ 85,375</b>

## 9. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial instruments consist of cash and cash equivalents, amounts receivables, deposits, investments, accounts payables and accrued liabilities, and lease liabilities. The estimated fair value of cash and cash equivalents, amounts receivable, deposits and accounts payable approximate their carrying value due to the immediate or relatively short period to maturity. Investments are measured at fair value using Level 1 or Level 3 inputs. The fair value of lease liabilities are initially recorded at fair value and subsequently carried at amortized cost using rates comparable to market interest rates.

### 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 number of observable inputs used to value the instrument:

- *Level 1* – observable inputs such as quoted prices in active markets.
- *Level 2* – inputs, other than the quoted market prices in active markets, which are observable, either directly and or indirectly, and

## **COPPER FOX METALS INC.**

### *Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)*

---

- *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.

The Company's activities expose it to a variety of financial risks, which arise because 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, 2021 is \$56,581 (October 31, 2020 - \$50,132).

#### **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 because of changes in foreign exchange rates. During the three months ended January 31, 2021 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, 2021, the Company had \$2,925 in US denominated cash balances.

#### Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates.

As of January 31, 2021, the Company is exposed only on its cash balances.

## **COPPER FOX METALS INC.**

*Management's Discussion and Analysis of Financial Condition and Results of Operation*  
**For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)**

---

### Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate because 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.

## **10. Capital Management**

### **Capital Management**

The Company considers its capital structure to consist of share capital, share options and warrants. The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management.

The mineral properties in which the Company currently has an interest in are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. Additional sources of funding, which may not be available on favourable terms, if at all, include share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing assets. To carry out the planned exploration and development and pay for operating expenses, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended January 31, 2021. The Company is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments; all held within major Canadian financial institutions.

## **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.

### **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

## **COPPER FOX METALS INC.**

### *Management's Discussion and Analysis of Financial Condition and Results of Operation* **For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)**

---

- limited control over decisions related to a joint venture in which Copper Fox does not have a controlling interest.

#### **Securing Additional Funding to Bring an 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 mineral resource 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 Resources estimates contained in this MD&A are only estimates. No assurance can be given that any 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 Mineral Resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

#### **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



## **COPPER FOX METALS INC.**

### *Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)*

---

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**

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 BCMEM and the 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 transaction has received conditional TSX Venture Exchange approval. All paperwork requested by BCMEM has been submitted. On March 10, 2021 the Mines Act permit was received, allowing the proposed transaction for the purchase of the Eaglehead property to be completed.

**COPPER FOX METALS INC.**

*Management's Discussion and Analysis of Financial Condition and Results of Operation*  
**For the Three Months Ended January 31, 2021** (Expressed in Canadian Dollars)

**13. DISCLOSURE OF OUTSTANDING SHARE CAPITAL DATA****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 March 24, 2021, the issued and outstanding shares are as follows:

	<b>Number of Shares</b>	<b>Amount</b>
<u>At October 31, 2020</u>	491,009,829	\$ 79,872,399
<b>Additions</b>		
Warrants exercised	9,332,502	1,308,035
<b>At March 24, 2021</b>	<b>500,342,331</b>	<b>\$ 81,180,434</b>

As of October 31, 2020, the issued and outstanding shares are as follows:

	<b>Number of Shares</b>	<b>Amount</b>
<u>At October 31, 2019</u>	461,274,160	\$ 78,835,530
<b>Additions</b>		
March 26, 2020 private placement	24,699,002	1,481,940
March 26, 2020 warrants granted	-	(638,816)
April 27, 2020 private placement	4,021,667	241,300
April 27, 2020 warrants granted	-	(117,205)
October 30, 2020 warrants exercised	1,015,000	91,350
Shares issuance costs – Legal fees	-	(21,700)
<b>At October 31, 2020</b>	<b>491,009,829</b>	<b>\$ 79,872,399</b>

During the three months ended January 31, 2021, the Company incurred the following shares issuances:

7,587,667 warrants were exercised for net proceeds of \$1,070,370.

During the year ended October 31, 2020, the Company incurred the following shares issuances:

On March 26, 2020, the Company closed the first tranche of a non-brokered private placement, raising aggregate gross proceeds of \$1,481,940 through the sale of 24,699,002 units at a price of \$0.06 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share for an exercise price of \$0.09 during the 36-month period after the closing of the offering and \$0.12 during the 12-month period thereafter. 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. Shares issuance costs, in the form of legal fees, of \$21,700 were paid in connection with this private placement.

On April 27, 2020, the Company closed the second tranche of a non-brokered private placement, raising

**COPPER FOX METALS INC.***Management's Discussion and Analysis of Financial Condition and Results of Operation  
For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)*

aggregate gross proceeds of \$241,300 through the sale of 4,021,667 units at a price of \$0.06 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share for an exercise price of \$0.09 during the 36-month period after the closing of the offering and \$0.12 during the 12-month period thereafter. 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.

1,744,835 warrants were exercised for net proceeds of \$237,665.

**Warrants**

As of March 24, 2021, the warrants outstanding are as follows:

	Number of Warrants	Amount
<u>At October 31, 2020</u>	58,342,334	\$ 2,979,913
<b>Additions</b>		
Warrants exercised	(9,332,502)	-
<b>At March 24, 2021</b>	<b>49,009,832</b>	<b>\$ 2,979,913</b>

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

	Number of Warrants	Amount
<u>At October 31, 2019</u>	30,636,665	\$ 1,541,073
<b>Additions</b>		
March 26, 2020 warrants granted	24,699,002	638,816
April 27, 2020 warrants granted	4,021,667	117,205
June 14, 2018, June 30 and July 27, 2020 warrants extended	-	682,819
October 30, 2020 warrants exercised	(1,015,000)	-
<b>At October 31, 2020</b>	<b>58,342,334</b>	<b>\$ 2,979,913</b>

The value of the March 26, 2020 warrants granted of \$638,816 were calculated using Black Sholes with an exercise price of \$0.09 in the first three years and \$0.12 in the fourth year, an expected life of four years, a volatility rate of 70.90% and a risk-free rate of 0.73%.

The value of the April 27, 2020 warrants granted of \$117,205 were calculated using Black Sholes with an exercise price of \$0.09 in the first three years and \$0.12 in the fourth year, an expected life of four years, a volatility rate of 63.95% and a risk-free rate of 0.42%.

Management extended the June 14, 2018 warrants by one year. The value of the June 14, 2018 warrant extensions were calculated using Black Sholes with an exercise price of \$0.15, an expected life of one year, a volatility rate of 86.12% and a risk-free rate of 0.26%. The fair value incremental change of \$122,987 was recognized.

Management extended the June 30, 2020 warrants by one year. The value of the June 30, 2020 warrant

## COPPER FOX METALS INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operation For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)

extensions were calculated using Black Sholes with an exercise price of \$0.17, an expected life of one year, a volatility rate of 84.69% and a risk-free rate of 0.25%. The fair value incremental change of \$142,580 was recognized.

Management extended the July 27, 2020 warrants by one year. The value of the July 27, 2020 warrant extensions were calculated using Black Sholes with an exercise price of \$0.17, an expected life of one year, a volatility rate of 88.84% and a risk-free rate of 0.24%. The fair value incremental change of \$417,252 was recognized.

The breakdown of the warrants outstanding is as follows:

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of March 24, 2021	Warrant Expiry Date
4,955,000	\$ 0.15	4,955,000	June 14, 2021
8,233,000	0.17	8,233,000	June 30, 2021
8,611,665	0.17	8,611,665	July 27, 2021
1,643,500	0.13 – 0.15	1,643,500	April 29, 2021
22,550,000	0.09 – 0.12	22,550,000	March 26, 2024
3,016,667	0.09 – 0.12	3,016,667	April 27, 2024
<b>49,009,832</b>		<b>49,009,832</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 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, 2021, the Company had no options outstanding and there was no stock option activity for the periods presented.

## 14. OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended January 31, 2021, 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

The Company adopted no new accounting standards during Q1 2021.

## **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 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**

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets on the balance sheet. Exploration expenditure relates to the initial search for mineral 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.

Each quarter, the Company assesses for impairment indicators in accordance 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.

The Company provides certain 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 agreement with Teck, the Company does not record any expenditure made by Teck on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but re-designates any costs previously capitalised in relation to

## **COPPER FOX METALS INC.**

### *Management's Discussion and Analysis of Financial Condition and Results of Operation* **For the Three Months Ended January 31, 2021 (Expressed in Canadian Dollars)**

---

the whole interest as relating to the partial interest retained. 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.

#### **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 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.

## **COPPER FOX METALS INC.**

*Management's Discussion and Analysis of Financial Condition and Results of Operation*  
**For the Three Months Ended January 31, 2021** (Expressed in Canadian Dollars)

---

### **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).