

# COPPER REEF MINING CORPORATION

## Management Discussion and Analysis For the Year Ended November 30, 2011

Date Submitted: March 29, 2012

### Introduction

The following discussion and analysis of the operating results, financial position and future prospects of Copper Reef Mining Corporation ("Copper Reef" or the "Company"), dated March 15, 2012 constitutes management's view of the factors that affected the Company's financial and operating performance for the year ended November 30, 2012. This discussion should be read in conjunction with the audited financial statements and related notes of the Company for the year ended November 30, 2011. This MD&A is prepared in conformity with National Instrument 51-102 F1 and has been approved by the Board of Directors.

All financial information is presented in Canadian dollars unless otherwise stated. All references to a year refer to the year ended on November 30 of that year, and all references to a quarter refer to the quarter ended on November 30, 2011 of that year. Additional information related to the Company is available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

### Forward-Looking Statements

*Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.*

### Structure and Business Description

#### Name and Incorporation

The Company was incorporated under the laws of the Province of Manitoba by Letters Patent of Incorporation dated March 27, 1973 as "Copper Reef Mines (1973) Limited", as amended by Articles of Amendment dated January 18, 2005, and Articles of Amendment dated September 8, 2006, changing the corporate name to "Copper Reef Mining Corporation". The head office of the Company is located at their offices at 12 Mitchell Road, Flin Flon, Manitoba R8A 1N1. The Company also maintains an executive office in Toronto, Ontario, at Suite 600, 15 Toronto Street Avenue, Toronto, Ontario M5C 2E3. Other than the joint ventures described in "Properties" section of the Initial Public Offering documents filed on Sedar, the Company does not have an interest in any corporations, bodies corporate, limited partnerships, partnerships, joint ventures, associations, trusts or unincorporated organizations.

#### The Company

The Company is a Canadian junior mineral exploration company with a specific focus on mineral properties in Northwest Manitoba and Northeast Saskatchewan, Canada. All of the Company's properties are currently at the

exploration stage. The Company has no long-term debt and has assembled a portfolio of base metal and precious metal prospects, including strategic locations in the Provinces of Manitoba and Saskatchewan.

As of 2000, the Company held only a few claims near the Copper Reef Deposit. Over a two year period the claims were sorted out with the help of a claim inspector. Many of the original claims were allowed to expire and re-staked. All of these claims were then inspected by the Manitoba claims inspector. Subsequently, in 2004, the Mink Narrows claims were expanded by agreements with Bruce Murray (a Flin Flon prospector), with Richard Masson and with 4058667 Manitoba Ltd. (a company controlled by Steve Masson). This greatly expanded the Mink Narrows Property to cover the 15 kilometre portion of a geological horizon thought to host the Copper Reef Deposit.

On January 17, 2005 the Company entered into the Assignment Agreement with Foran whereby the Company was granted an option to acquire 100% of the Hanson Lake JV Property which option Foran had obtained pursuant to the BHP Billiton Cameco Agreement. A dispute arose between Foran and the Company with respect to the Assignment Agreement which has since been resolved. The terms of the resolution are set out in the Settlement Agreement. Under the terms of the Settlement Agreement, Foran agreed to pay the remaining \$2,000,000 owing on the option under the BHP Billiton Cameco Agreement and the Company would hold 25% of the Hanson Lake JV Property and receive a number of Foran's properties located in Manitoba which were, for the most part, acquired previously from Aur Resources by Foran. Also, in accordance with the Settlement Agreement, the Company and Foran entered into the Hanson Lake JV Agreement governing their respective interests with respect to the Hanson Lake JV Property.. In November 2010 Copper Reef sold its remaining 25% interest in the Hanson Lake Joint Venture for \$1,000,000 cash, 4 million shares of Foran Mining and received five Manitoba properties including the Smelter Claims. However, Copper Reef retained a \$0.75 royalty on every tonne produced from the property including ores from the McIlvenna deposit and any subsequent discovery.

The five Properties obtained as part of the sale of Copper Reef's 25% ownership of the Hanson Lake JV are as described below

*Smelter claims -Location: Flin Flon, main mine area (276 hectares)*

These claims lie approximately 200 metres north of the Callinan orebody and one kilometre north of the Triple Seven orebody which are presently being mined. The property contains the same geological units as the mine stratigraphy. Copper Reef is nearing completion of a deep drill hole which is targeting a strong seismic reflector which appears similar to the Calinan orebodies.

*Sherlynn Mining Lease*

Location: Lynn Lake belt, near airport (1,371 hectares) consisting of 22 leased claims

The Goodenough copper deposit was drilled by Sherritt Gordon in the 1950s. They outlined 165,000 tonnes (historic and non-43-101-compliant) of 2.63 per cent copper, 1.21 per cent zinc and 2.06 grams per tonne gold. Granges in the late 1970s upped the historic resource (also not 43-101-compliant) to 330,000 tonnes of 2.48 per cent copper, 0.62 per cent zinc, 24.88 grams per tonne silver and 1.49 grams per tonne gold. The drilling outlined the mineralization down to 325 metres vertically and it has a strike length of 500 metres at surface with an average width of two to three metres.

*Counsell Lake property*

This property is located 20 kilometres southwest of Lynn Lake and consists of 16 claims (2,586 hectares).

Boiley Lake zone Intersected 3.6 per cent copper and one gram per tonne gold over three metres (2.9-metre true width); Downhole pulse data suggest a two-to-three-times-stronger conductive body at depth which is undrilled.

Sell 6 zone The best intersection was 0.8 per cent copper over 3.6 metres

Counsel Lake zone The best intersection was 3.7 per cent copper and 0.8 gram per tonne gold over five metres (2.9-metre true width).

Sell 12 zone The best intersection was 1.1 per cent copper over 5.9

#### *Radar property*

This property is located 70 kilometres west of Flin Flon and consists of three claims (576 hectares). One additional claim, previously acquired by staking by Copper Reef, is contiguous to the Radar property to the north.

North zone -The best intersection was 2.72 per cent copper, 5.9 grams per tonne silver and 0.31 gram per tonne gold over 3.4 metres.

South zone -The best intersection was 1.46 per cent copper, 5.4 grams per tonne silver and 0.9 gram per tonne gold over 3.7 metres Downhole pulse electromagnetic data suggest that stronger conductors lie to the south at depth.

#### *Cook Lake Property*

This property is located 15 kilometres west of Snow Lake, Man., and consists of two separate non-contiguous claims.

#### *Cook Lake Claim*

This claim is located two kilometres west of the large new Lalor deposit presently being developed by Hudson Bay. It is thought that this claim may contain the down-plunge extension of the Pen 2 zone (owned by Hudbay Minerals) which hosts approximately 665,000 tonnes of 8.3 per cent zinc only 200 metres to the southwest of the Cook Lake property.

#### *Irene claim*

This claim is located just a few hundred metres north of Copper Reef's 100-per-cent wholly owned Woosey Lake property, Irene Lake zone -The best intersection was 4.58 per cent copper, 3.82 per cent zinc, 38.8 grams per tonne silver and 1.5 grams per tonne gold over 0.5 metre.

In 2006 the Company purchased 100% of the Hanson Lake Property from Bruce Murray. The Hanson Lake Property hosts the former Hanson Lake Mine and is a separate and distinct property from the Hanson Lake JV Property. In 2008 the Company purchased the North Hanson Property also from Bruce Murray for cash. This Property lies north of the Hanson Lake JV Property along the former Hanson Lake Mine horizon. This is currently Copper Reef's only Saskatchewan holding which is undergoing a drill program on the Bertrum Bay horizon.

Between April and August 2008 Copper Reef staked 3 mining claims, totalling 285 hectares, to the eastern portion of the Mink Narrows Property. These additional claims have a number of airborne Electromagnetic Anomalies, some of which have been tested. The claims are thought to hold the most eastern continuation of the Copper Reef horizon (or stratigraphic package) which hosts the Copper Reef Deposit. In addition the claims,

which straddle highway 10, also host the Payuka Gold Vein System which lies along a splay of the Payuk Lake-Gurney Gold Mine Deformation Zone. Old shafts, an adit and numerous trenches occur along this structure which was mainly explored in the 1920's. Grades of up to 1.6 oz gold/ t across 5 feet have reported from Channel samples across the Payuka Vein.

The Company has recently acquired 2 large blocks of claims (3749 ha) in the main Flin Flon and 4 additional claims (665 ha) adjoining our Morgan Lake Zinc-Gold property in the Snow Lake Area Camp to cover prospective open ground flown by a VTEM 35 Electromagnetic Airborne Survey. These claims were acquired by staking and are owned 100% by Copper Reef with no underlying royalties.

The Company is a junior mining exploration company engaged in the acquisition, exploration and development of mineral concessions in Saskatchewan and Manitoba, Canada

### Results of Operations

Operational results reflect overhead costs incurred for mineral property acquisitions and associated exploration expenses as well as other regulatory expenses incurred by the Company.

General and administrative costs can be expected to fluctuate relationally with acquisitions, exploration and operations.

### Selected Annual Information

The following are highlights of financial data on the Company for the most recently completed three financial years:

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	\$	\$	\$
Income (Loss) for the year	<b>(1,964,216)</b>	<b>921,522</b>	<b>(365,701)</b>
Income (Loss) per common share, basic and diluted	<b>(0.02)/(0.02)</b>	<b>0.01/0.01</b>	<b>(0.01/0.01)</b>
Weighted average number of common shares	<b>94,590,949</b>	<b>67,280,768</b>	<b>37,462,604</b>
<b>Balance Sheet Data</b>			
Working Capital/(Deficiency)	<b>3,156,151</b>	<b>4,545,593</b>	<b>573,037</b>
Total assets	<b>11,710,931</b>	<b>10,371,572</b>	<b>6,410,744</b>

### Revenues

The Company is currently engaged in mineral property acquisition and exploration and does not have revenues from its operations.

## Summary of Quarterly Results

The following table sets out selected quarterly information for the preceding eight quarters ended May 31, 2011:

	Q4 Nov. 30 2011	Q3 Aug 31 2011	Q2 May 31 2011	Q1 Feb. 28 2011	Q4 Nov. 30 2010	Q3 Aug 31 2010	Q2 May 31 2010	Q1 Feb. 28 2010
Net Revenues	141	0	0	1,240,014	2,195,578	0	0	0
Net income (loss) for the period	(508,388)	(1,048,391)	(1,513,118)	1,105,684	1,286,159	153,499	(386,137)	(131,999)
Net Income  (Loss) per Share, Basic & Diluted	(0.005)	(0.012)	(0.016)	0.013	0.016	0.002	(0.006)	(0.002)
Number of shares outstanding	99,454,634	97,754,634	97,754,634	88,203,590	79,453,590	73,508,590	73,363,590	60,173,590

\*This financial data has been prepared in accordance with Canadian generally accepted accounting principles and all figures are stated in Canadian dollars.

## Financings

No financings occurred during the quarter ended November 30, 2011. On September 1, 2011, 1,700,000 warrants at \$0.15 were exercised for proceeds of \$255,000.

## PROJECT UPDATE AND FUTURE PLANS

The Company, with a specific focus on mineral properties in Northwest Manitoba and Northeast Saskatchewan, Canada has the second largest land position in the main Flin Flon Camp of Manitoba next to Hudson Bay Minerals.. It also has significant holdings in the Snow Lake- Reed Lake Camp, and in the Sheridan Camp and the Hanson Lake Camp in Saskatchewan. All of the Company's properties are currently at the exploration stage.

## Smelter Claims

In January drilling began on the Company's Smelter claims located a few hundred metres north of Hudbay Mineral's Triple 7 head frame. The Company is targeting a similar reflectivity similar to the Callinan orebodies to the south. The targeted seismic anomaly is co-incident with a gravity anomaly. In January, Hudbay Minerals completed a \$1,000,000 private placement two help fund two deep holes on this property.

On November 16, 2011, the Company announced that it had completed drilling drill hole SM-11-3 on its Smelter Property. The drill hole was targeting a deep seismic target just north of the Hudson Bay Smelter and the Callinan and Triple Seven Deposit. The drill hole was drilled through Missi Sediments and the basal conglomerate where it then encountered mafic rocks and feldspar porphyries. Within this mafic section, a 5.1m zone of stringer sulphides was intersected from 2188.5 to 2193.6m at a vertical depth of around 1850m. The sulphide section has been cut and sent for assay. The hole ended in granodiorite at 2582m representing a vertical

depth of 2155m. This fall, a large surface loop, possibly 2 km square, is planned to be laid around this hole. HudBay Minerals will carry out down hole pulse electromagnetic surveys down this and other drill holes, within the large surface loop, to test the extent of the sulphide zone and to possibly vector in to more conductive massive sulphide areas.

Hudson Bay still has not completed the Down Hole Electromagnetic Survey on the Smelter Claims which they will complete after they have completed the surveys of the holes on their properties.

### ***Data Sharing with Hudson Bay***

Copper Reef and HudBay Minerals have exchanged data from separate VTEM electromagnetic airborne surveys carried out over properties held separately in the main Flin Flon Camp.

### **Gold Rock**

Last winter Copper Reef followed up on the two previous drill programs on Gold Rock with a deep drilling program on the Gold Rock-North Star structure, as well as tested two parallel structures. The results were that gold continued at depth but due to the wide >100 m spacing between holes zones could not be linked up with confidence. The following are highlights from the program.

GR-10-119 lies behind GR-08-07, GR-08-08, GR-08-54 and GR-08-55. It tested the Gold Rock quartz vein at the 100-metre vertical level and assayed 7.79 grams per tonne gold (0.23 ounce per ton) over 2.1 metres (6.9 feet). Within this section, GR-08-54 assayed 7.91 g/t (0.23 ounce per ton) gold over 1.8 m (5.9 feet) and GR-08-55 assayed 10.06 g/t gold (0.29 ounce per ton) gold over 1.8 m (5.9 feet). GR-10-122 lies behind GR-08-03, GR-08-04, GR-09-80 and GR-09-81. It tested the Gold Rock quartz vein at the 210-metre vertical level and assayed 2.94 g/t gold (0.09 ounce per ton) over 3.65 m (12.0 feet). Within this section, GR-09-81 assayed 11.02 g/t (0.32 ounce per ton) gold over 3.8 m (12.5 feet). GR-10-125 lies nine m south of GR-09-102 and GR-09-103. It tested the Gold Rock quartz vein at the 130-metre vertical level and assayed 7.01 g/t gold (0.20 ounce per ton) over 2.3 m (7.5 feet). The significance of this southernmost drill hole on the vein is that previous shallow drill holes in the same area did not return any significant gold assays.

### **Mink Narrows**

In the Main Flin Flon Camp on the Mink Narrows Property, Copper Reef has completed the first phase of drilling on and near the Copper Reef Deposit; a Cu and Ag deposit with a historic inferred resources of 503,434 tons of 1.5% Cu and 0.5% Zn. These historical resources do not conform to NI-43-101. No work was carried out on this property in 2010. Copper Reef drilled one hole in the Mystic Creek area into a large magnetic anomaly along the the Copper Reef horizon 8 km to the north west. This magnetic anomaly was not caused by massive sulphides or any economic mineralization.

### **McIlvenna**

Copper Reef retains a 75 cents/tonne royalty from all ores mined from the former Hanson Lake Property JV in the Hanson Lake Camp where the company held previously a 25% of the McIlvenna Bay deposit which is one of Canada's largest underdeveloped Zinc and Copper resources with: 6,671,000 indicated tonnes at 0.87% Cu, 6.51% Zn, and 26.0 AG(g/t) 6,000,000 inferred tonnes at 0.83% Cu, 5.89% Zn, and 24.8% Ag (g/t) on a 12,950 Ha property. The 25 % interest was sold as noted above but Copper Reef retained the royalty.

Foran Mining is currently conducting an infill drill program in the Copper Stringer Zone in order to bring the stringer zone into a NI-43-101 resource category. No further funding of this project is required by Copper Reef.

## Hanson Lake

In 2008, an airborne (VTEM) Electromagnetic survey has been completed over the Company's 100% owned Hanson Lake Property. A number of new targets have been identified. Copper Reef has now completed 19 holes on its Hanson Lake property on three separate horizons. . Drilling of the Bertrum Horizon has intersected copper zinc mineralization in every hole. The Company is currently on its third round of drilling of this 700 metre long horizon where it has drilled 13 holes to date.

## Airborne Surveys

In early 2010 Copper Reef flew 3 large airborne electro magnetic surveys (VTEM 35) in the Flin Flon and Snow Lake Mining Camps covering most of its holdings in Manitoba. Copper Reef has received from Hogg and Associates a report which has outlined their interpretations of the anomalies generated from this airborne survey. Copper Reef is now in the process of evaluating individual anomalies which have either been untested or poorly tested. Ground surveys will begin shortly on some of these anomalies with others to follow later in the year when research is completed. This should result in a large drill program in the next 6 to 10 months as we test these new targets both in Snow Lake and Flin Flon

## Albert's Lake Gold Zone

Copper Reef has decided to fund a drill program on its 100% owned Albert's Lake Property Group in the main Flin Flon Camp. The property contains numerous gold zones the most noteworthy being the Albert's Lake deposit with a non 43-101 resource of roughly 400,000 tonnes of 6.5g/t reported by Granges Inc.. The zone is wide up to 9 m with grades of over 10 g/t. Copper Reef plans to twin three of the better old holes with large diameter core to see if we can offset the nugget effect of coarse gold with more sample. The hope is that it will increase the grade. If this is successful it will be followed by an aggressive drill program as the deposit is open to the north and south.

On August 26, 2011, the Company announced results from the first of four holes twinned on the Alberts Lake Gold Zone located in the central Flin Flon Belt of Manitoba. Drill Hole AL-11-61btw drilled with HQ core was drilled to twin previous Drill Hole AL-61 which had been drilled with small diameter BQ-sized core. The assay results are regular assays using a 2 assay ton charge. Screen metallic assays which capture coarse gold remain to be completed. The hole is not an exact twin of the earlier hole as the new twin hole curved slightly and ended up 9.4m further away in the mineralized area from the old hole. Despite this 9.4 m separation, the assay results are quite comparable and show a high degree of consistency with the previous drill results.

The Table below is a comparison of the old drill hole and the new twinned hole drilled from the same location and with the same dip and azimuth.

<u>AL -61 (old BQ Drill Hole)</u>		<u>AL-11-61btw (New Twin HQ Hole)</u>		
32.8 m	1.6 g Gold/t	vs.	32.5 m	1.5 g Gold/t
1.5 m	9.6 g Gold/t	vs.	1.5 m	9.71g Gold/t
			Includes 2.85 m 6.82 g (9.4 ft. of 0.2 oz. u/ton)	

The new hole however, intersected wider overall gold mineralization within the shear of 51.2 m of 1.02 g/t gold. In this steeply dipping structure, the horizontal width of the new intersection is 42.1m (138 ft.) or a true width of 37.2m (122 ft.) at a depth of 265m (869 ft.). This was the lowest grade drill hole twinned.

The Albert's Lake deposit has been previously tested over a 500-metre strike length and to a depth of 400 metres and remains open in all directions. Values up to 125 grams per tonne were noted in drill core with the best

intersection over all, assaying 10.89 g/t Au over nine metres at 225 metres vertical depth. Visible gold was noted in a number of drill sections in association with pyrite and minor chalcopyrite. In the twinning of these holes, Copper Reef is testing whether the gold grade may be under-represented in the drill holes because of the nugget effect of coarse gold and/or the small sample taken from the older BQ-sized core. To accomplish this test, Copper Reef has is using larger HQ-size core and then used a screen metallic assay method to recover all coarse gold from the split core.

Copper Reef has completed two drill holes in a new area immediately north of the Alberts Lake Gold deposit at the 200m vertical level where the nearest hole AL1 -16 reported 156.72 g /t gold over 2.12m. There are no holes at this level to the north or in the down plunge direction of the Alberts Zone. Currently the Company is drilling a minimum of 8 drill holes into the "Wally zone", a high grade but narrower (2 metre wide) parallel structure to the north and east of the Alberts Lake Zone. All structures in both the Alberts Lake and the Wally Zone remain open along strike and at depth on Copper Reef's 100-per-cent-owned Albert's Lake property, which is comprised of over 88 mining claims totaling 7,500 hectares.

On September 7, 2011, the Company announced results from the second of four holes twinned on the Alberts Lake Gold Zone located in the central Flin Flon Belt of Manitoba. Drill Hole AL-11-57btw drilled with HQ core was drilled to twin previous Drill Hole AL-57 which had been drilled with small diameter BQ-sized core. The assay results are regular assays using a 2 assay ton charge. Screen metallic assays which capture coarse gold remain to be completed. The Table below is a comparison of the old drill hole and the new twinned hole drilled from the same location and with the same dip and azimuth.

AL -57 (old BQ Drill Hole)

AL-11-57btw (New Twin HQ Hole) at the 200m level

25.8 m 4.5 g Gold/t  
Including 8.5 m 9.6 g Gold/t

27.9 m 3.2 g Gold/t  
12.4 m 6.1 g Gold/t

Higher grade sections returned values in the new hole assaying 10.8 g gold/t over 4.5 m and a separate zone of 13.5 g gold/t over 1.4 m. The overall 27.9 m intersection, reported above, has a true width of approximately 22.0 m (72 feet).

Currently, the Company is drilling a minimum of 10 drill holes into the "Wally zone", a high grade but narrower (2 metre wide) parallel structure to the north and east of the Alberts Lake Zone. The Wally Zone is characterized by galena, chalcopyrite and pyritic "crack and seal" quartz veins, which are different from the predominantly pyritic, intensely sheared quartz veins of the Alberts Zone. All structures in both the Alberts Lake and the Wally Zone remain open along strike and at depth on Copper Reef's 100-per-cent-owned Alberts Lake property, which is comprised of over 88 mining claims totaling 7,500 hectares.

Preliminary assays from Drill Hole AL-11-57btw which twinned the old hole AL-51 drilled in the 80's confirms the high grade nature and wide widths of this earlier intersection .

On October 3, 2011, the Company announced results from the "screen metallic" gold assays as well as silver assays on three of the drill holes into the Alberts Lake Gold Zone located in the central Flin Flon Belt of Manitoba. Screen metallic assays is a way to capture coarse gold in drill core samples by pulverizing the entire sample then screening out all the coarse gold before carrying out regular assays on the fine gold that went through the screen. To some extent, this removes the nugget effect. The screen metallic assays of gold were only slightly higher in some holes indicating coarse gold is present only locally and that most of the gold is of fine grain size. This is positive in the sense that wide variations in grade will be minimal and that generally assay results should reflect closely the true grade of the intersection.

	Core Length	Regular assay Au	Screen Metallics Au	Assay Silver g/t
DDH AL-11-57tw	27.9 m	3.19 g/t	3.46 g/t	9.1g/t
Includes	4.5 m	10.76g/t	12.19g/t	33.5 g/t
DDH AL-11-61Btw	51.5 m	1.02 g/t	1.02 g/t	2.4g/t
Includes	2.85 m	6.82 g/t	6.87 g/t	14.0 g/t
Includes	1.5 m	9.71 g/t	9.17 g/t	14.6 g/t
DDH AL-11-40tw	30.9 m	1.36 g/t	1.39 g/t	2.3 g/t
Includes	2.2 m	5.37 g/t	5.83 g/t	10.5 g/t
DDH A1-11-72tw	26.4 m	1.14 g/t		
Includes	1.85 m	4.55 g/t		

From these drill holes, results indicate that only minor coarse gold exists locally and that most of the gold is finely disseminated throughout the deposit. An example of coarse gold portion would be a 4.5 m intersection of DDH-AL1157Btw, which when assayed with the screen metallic method, increased from 10.76 g/t to 12.19 g/t. These recent drill holes were twin holes using HQ of smaller BQ sized core of holes drilled during the 1980's. The larger HQ core is approximate 3 times larger by volume of the older BQ core. The size of the core also appears to have had little effect on the grade between the new and smaller older holes again suggesting that the gold is for the most part uniformly finely distributed throughout the Alberts Lake Deposit.

Regular assays are assays using a 2 assay ton charge.

Copper Reef has completed this portion of the drill program and is awaiting results from the remaining drill holes. A new drill program of 30 drill holes to expand the deposit is planned to start later this fall. Management is encouraged by: the grade consistency of this twinned hole; the sheer size of the width of gold zone and high grades that are present at Alberts Lake.

### **Kississing Lake Property**

On October 5, 2011, the Company announced that it has outlined a large gold zone on its Kississing Lake Property in the Sheridan base metal camp of Northern Manitoba. The gold mineralization has been traced by prospecting for approximately 2 km and appears to flank an airborne electromagnetic (EM) anomaly of the same length. This 2 km airborne EM anomaly, which has never been tested by drilling, and lies immediately north of the Kississing Lake Gold mineralization. The gold mineralization is hosted by a rusty silicified rock - which is possibly felsic volcanic tuffs or sedimentary rocks. The mineralized strata where exposed appears to be at least 80 m wide where it dips beneath the lake towards a flanking parallel conductor. Values range from 1.13 to 10.39 g/t gold at the main showing where exposure is good. Along a poorly exposed conductive trend 2 km to the east, values up to 0.5 g/t gold have been taken from rusty strata similar to the main showing. An additional 60 rock samples including new trenches found to west have been sent to be assayed. There is no record of these trenches. Massive sulphides with minor copper mineralization associated with VMS style alteration was observed in old trenches to the north along a separate conductor axis. This separate northern airborne EM conductor was only tested by one drill hole by Selco along its entire extent, which had a strike length of 2.5 km. Samples from this horizon are also in for assay.

Copper Reef is planning a drill program to test this wide zone of gold mineralization as well as the flanking 2km long airborne conductor. The Company has also acquired additional claims in the area currently totaling over 1600 hectares. The news release is available on [www.sedar.ca](http://www.sedar.ca).

On February 27, 2012, Copper Reef Mining Corporation announced that it had commenced drilling at its Kississing Lake gold zone located in the Sherridon Mining Camp of Northern Manitoba. The gold mineralization has been traced by prospecting for approximately 2 km flanking an airborne electromagnetic (EM) anomaly of the same length. The discovery area outcrop, composed of rusty silicified rock, will be tested by shallow drill holes. The flanking airborne EM conductor, which has not been previously drilled, will be tested, with two deeper drill holes which will also test the gold zone at depth. Grab samples over an 80 m width, range from 1.13 to 10.39 g/t gold at the main showing where exposure is good. The nature of the flanking undrilled anomaly is unknown, however massive sulphides with minor copper mineralization associated with VMS style alteration was observed in old trenches to the north along a separate conductor axis on the property. To the south a separate EM anomaly reflects the Company's "Ideal" base metal prospect, where Callinan Flin Flon Mines reported trench results of: 2.7% copper, 6.8gms/t gold over 2.04 metres and 7.4% Zinc, 1.3% Copper over 2.40 metres. The Ideal mineralization is hosted by rusty felsic rocks very similar to the Kississing Gold Zone. The high gold grades from the Ideal massive sulphide zone suggests that the gold from the Kississing Gold Zone, which lies to the north, may be related to a yet to be discovered stratabound volcanogenic massive sulphide horizon represented by the 2 km long flanking undrilled airborne EM conductor. Another possible model is that the gold mineralization, which is similar in character and hosted in similar rocks, may be like the 2 million tonne Puffy Lake Mine-Maverick gold project now being advanced by Auriga Gold Corp., 12 km to the south east. Bodnar Drilling has been awarded the drill contract.

### **Jewel Box Property**

On October 26, 2011, the Company announced initial grab samples from a preliminary prospecting program on the Jewel Box Property located within the Flin Flon Greenstone Belt of Manitoba. Gold assays up to 48.1 g/t gold have been taken from quartz veins and altered wall rock along a 50 m section of a north trending shear structure on the Property. This is the first work Copper Reef has carried out on the property since its acquisition. The gold is very coarse, occurring as wires and plates associated with quartz carbonate veining. The structure although narrow is flanked by larger north and north-west trending structures with associated carbonate, sericite and chlorite-epidote alteration. There is no drilling on these nearby larger structures and in particular the area where these intersections intersect where there is gold in soil anomalies. Work permits have been received and work on a grid followed by geophysical surveys, mapping and prospecting is scheduled to begin shortly with drilling planned for this winter. The complete news release is available on [www.Sedar.ca](http://www.Sedar.ca), posted on October 26, 2011.

### **Liquidity and Capital Resources**

As at November 30, 2011, the Company had working capital of \$3,156,581 as compared to working capital of \$4,545,599 as at November 30, 2010. The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing. There can be no assurance that the Corporation will be able to obtain sufficient capital in the case of operating cash deficits.

### **Results of Operations for the Periods ended November 30, 2011**

For the quarter ended November 30, 2011, Professional fees decreased by \$23,018 (accounting was up by \$44,375 but legal expenses decreased by \$49,862 relative to private placement costs for (\$5,487) from a total of \$17,531 in 2010) Office and supplies increased by \$55,054 to \$66,836 from \$11,782 in 2010 due to a \$62,500 estimate for contingent costs relating to flow-through share issuance in 2007. Advertising and promotion was up \$51,206 from \$6,653 in 2010) due to a \$53,000 charge for the extension of a warrant subsequently exercised. Vehicle and equipment rent decreased by \$6,769 from \$16,725 in 2010 to \$9,956 due to charging more of these costs directly to deferred exploration costs of projects this year. Stock-based wages decreased by \$185,700 to nil from \$185,700 in 2010 as options were granted to Directors, Officers, and Employees earlier in the year in 2011.

For the year ended November 30, 2011 bank charges and interest decreased \$13,839 to \$1,363 from \$15,202 in 2010 due to additional funds in the bank. Directors' compensation decreased \$5,000 to nil from \$5,000 in 2010 as the Board reduced the compensation to decrease expenses. Stock based wages also was reduced by \$74,900 from \$220,600 to \$145,700 for the same reason. Management fees and salaries increased by \$53,683 as the company is doing more work internally to reduce external contractor costs. Also, professional fees decreased by \$91,590 from \$210,536 in 2010 to \$118,946 for this reason and because there were fewer share offerings in 2011. Office and general expenses increased \$85,406 due mainly to booking a \$62,500 estimate for contingent costs related to a 2007 flow-through share financing. There was also increased activity in the office which also was reflected in an increase in rent and utilities by \$11,354 from \$32,269 in 2010 to \$43,623. Travel and promotion increased by \$67,302 to \$95,602 from \$28,300 in 2010 due in part to increased travel but mainly due to a \$53,000 expense to recognize extending a warrant that was subsequently exercised.

### **Disclosure of Outstanding Share Data**

As at March 15, 2012, the Company had the following common shares, stock options and warrants outstanding:

Common shares	104,721,300
Stock options (vested and unvested)	5,095,000
Warrants	5,920,570
Fully diluted shares outstanding	115,736,870

### **Off-Balance Sheet Arrangements**

As at April 15, 2012, the Company has no off-balance sheet arrangements.

### **Critical Accounting Estimates**

Copper Reef does not make any critical accounting estimates other than the carrying value of deferred exploration expenditures, and the valuation of warrants, asset retirement obligations, future tax assets and liabilities, and stock-based compensation.

### **FUTURE ACCOUNTING PRONOUNCEMENT**

#### **International Financial Reporting Standards ("IFRS")**

In 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its February 28, 2012 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended November 30, 2011.

#### **TRANSITION TO IFRS**

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will apply accounting policies consistent with IFRS beginning with its interim financial statements for the quarter ended February 28, 2012. The Company's fiscal 2012 interim and annual financial statements will include comparative fiscal 2011 financial statements, adjusted to comply with IFRS.

### ***IFRS Transition Plan***

During Q4 fiscal 2011, the Company has been working to complete its detailed analysis of the relevant IFRS requirements and identified the areas where accounting policy changes are required, and those for which accounting policy alternatives are available. The team has also been working to complete its assessment of the first-time adoption requirements and alternatives.

Discussions of the results of this analysis with management and the Company's advisors will continue during Q1 fiscal 2012, after which the Company will finalize its determination of changes to accounting policies under IFRS and the resulting impact on the opening IFRS balance sheet (as at November 1, 2010).

The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

- Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS. - Complete.
- Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards. - In progress, to be completed during Q1 fiscal 2012
- Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives. - In progress, to be completed during Q1 fiscal 2012
- Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements. - In progress, to be completed during Q1 fiscal 2012
- Quantification of the financial statement impact of changes in accounting policies. - The Company has not yet determined the quantification of the impact of changes in accounting policies on its opening IFRS balance sheet.  
To be completed during Q1 fiscal 2012.
- Management and employee education and training. - Throughout the transition process

### ***Impact of Adopting IFRS on the Company's Business***

As part of its analysis of potential changes to significant accounting policies, the Company has been assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

The Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff and advisers involved in the preparation of the Financial Statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

The Board of Directors and the Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

### ***First-time Adoption of IFRS***

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards (“IFRS 1”), which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

To date, the Company has identified the following IFRS optional exemptions it may apply in the preparation of an opening IFRS statement of financial position as at December 1, 2010, the Company’s “Transition Date”:

- To consider IFRS 2 Share-based Payments and determine its strategy regarding same.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company’s opening IFRS statement of financial position as at the Transition Date will be consistent with those made under current Canadian GAAP.

### ***Impact of Adopting IFRS on the Company’s Financial Statements***

The adoption of IFRS is expected to result in changes to significant accounting policies and may have an impact on the recognition and measurement of transactions and balances within the Company’s Financial Statements.

The Company has not yet determined the full effects of adopting IFRS on its Financial Statements. Included below are highlights of the areas that are expected to result in a change to significant accounting policies. The list is not intended to be complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas identified to have the most potential for significant changes.

#### **Mineral Properties**

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions, or to adopt a new accounting policy whereby acquisition costs for mineral properties are capitalized while exploration expenditures, are charged to operations.

The Company is in the process of determining whether the existing policy toward mineral properties will be maintained, or whether a new policy will be adopted on transition and the impact such a change would have the financial statements.

#### **Impairment of (non-financial) assets**

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value. In addition, the grouping of assets for the purposes of impairment may be different under IFRS than currently used under Canadian GAAP. Depending on the circumstances, this may lead to the recognition of impairment losses under IFRS that would not otherwise have been recognized under current Canadian GAAP.

The Company will change its accounting policies accordingly, but does not expect the changes will have a significant impact its financial statements at the Transition Date.

#### **Share-based payments**

In certain circumstances, IFRS requires a different measurement of share-based compensation than current Canadian GAAP. In particular, a change may be required to the measurement and timing of recognizing the expense associated with grants under the stock option plan. In addition, IFRS requires forfeitures of the Company’s stock options to be estimated when the instruments are granted. Under current Canadian GAAP, it is not required to account for forfeitures at the time of grant and the Company records forfeitures when they occur.

The Company is assessing the impact of the change on the measurement of compensation expense associated with the stock option plan.

#### Accounting for income taxes

While accounting for income taxes is similar under IFRS and Canadian GAAP, in certain circumstances there are differences in the measurement of future tax assets and future tax liabilities.

The Company is in the process of determining whether any changes in its accounting policies related to income taxes will have a significant effect on its financial statements.

#### **Changes in Accounting Policies including Initial Adoption**

There were no changes in accounting policies during the period ended November 30, 2011.

#### **Changes in Internal Controls Over Financial Reporting**

There were no changes in internal controls over financial reporting during the period.

#### **Financial Instruments**

Financial assets and liabilities, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting is applied, in which case changes in fair value are recognized in other comprehensive income. For the periods ended August 31, 2011 and November 30, 2010, the Company had no derivatives or embedded derivatives.

#### **Fair value**

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash, GST receivable, amounts receivable and accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of these instruments. The fair value of the advances to a related party disclosed in Note 4 cannot be reasonably determined as there is no comparable market data for these amounts.

#### **Commodity price risk**

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

#### **RELATED PARTY TRANSACTIONS**

During the year ended November 30, 2011, the Company paid management fees and related expenses of \$50,762 (2010 - \$41,500) to a corporation controlled by a director of the Company. Included in accounts payable and accrued liabilities is \$nil (2010 - \$nil) owing to this corporation.

During the year ended November 30, 2011, M' Ore Exploration Services Ltd. ("M' Ore"), a corporation controlled by a former director who is also an officer and significant shareholder of the company, charged the sum of \$951,203 (2010 - \$648,674) of which \$633,651 (2010 - \$351,128) was to reimburse it for exploration expenditures it incurred on the Company's behalf. Of this, \$78,305 (2010 - \$87,178) was included in accounts payable and accrued liabilities. This balance was unsecured and non-interest bearing with no fixed terms of repayment.

The Company also incurred \$7,500 (2010 - \$7,500) for filing fees and \$6,250 (2010 - \$nil) for professional fees to corporations controlled by officer's of the company of which \$nil (2010 - \$2,800) was in accounts payable and accrued liabilities at the end of the period. Professional fees of \$10,676 (2010 - \$6,500) were paid to an accounting firm of which an officer is a partner, and set up \$8,800 (2010 - \$13,000) as accounts payable and accrued liabilities at the end of the period. These balances are unsecured and non-interest bearing with no fixed terms of repayment.

All of the above transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

## **RISK FACTORS**

Copper Reef Mining Corporation is an exploration stage company and currently has interests in exploration and development properties in Canada. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in exploration properties contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

## **Subsequent Events**

On December 2, 2011, 1,750,000 warrants exercisable at \$0.20 per share expired unexercised.

In December 2011, the Company issued 5,266,666 flow-through units to Manitoba residents at \$0.12 per unit for gross proceeds of \$632,000. Each flow-through unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.15 per share until December 2013. The Company is committed to incur prior to December 31, 2012, on a best efforts basis, \$632,000 in qualifying Canadian exploration expenditures pursuant to this private placement. An officer of the Company purchased 50,000 units for \$6,000. A family member of another officer of the Company purchased 100,000 units for gross proceeds of \$12,000, and a corporation controlled by an officer who is also a director of the Company purchased 350,000 units for gross proceeds of \$42,000 pursuant to this financing.

In December 2011, the Company announced that it acquired 100% of the Otter Lake property, Manitoba, Canada, for \$5,000 and 50,000 common shares of the Company subject to regulatory approval. The acquisition is subject

to a 1% net smelter royalty, which can be purchased by the Company by paying \$500,000 to the previous owner of the Otter Lake property.

In January 2012, the Company announced that it reached an agreement with Jaxon Minerals Inc (“Jaxon”) to option the Company's Burn Property for \$10,000, 1,900,000 shares of Jaxon, and a work commitment for \$600,000 over 4 years to earn a 100% interest. The Company will retain a 2.5% NSR of which 1% can be acquired by Jaxon for \$1,000,000 or alternatively, at the Company's option, payment of a \$1.00 per ton royalty for ore extracted from the property.

Subsequent to November 30, 2011, the Company renounced Canadian exploration expenditures in the aggregate amount of \$2,837,300 related to proceeds from the issuance of flow-through shares pursuant to the financings described in Notes 8(a)(viii)(ix) and above in Note 12. The Company is committed to incur these expenditures, on a best efforts basis, prior to December 31, 2012. As at November 30, 2011, this commitment has been met.