

## **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 27<sup>th</sup>, 2013 constitutes management's view of the factors that affected the Company's financial and operating performance for the year ended November 30, 2012 and subsequent period ended . This discussion should be read in conjunction with the audited financial statements and related notes of the Company for the year ended November 30, 2012. 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. 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. Other than shares of non-related companies pursuant to certain property agreements, 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 engaged in the acquisition, exploration and development of mineral concessions 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.

## **EVALUATION & EXPLORATION ASSETS**

Stephen L. Masson, P.Geol, a director of the Company, is the Qualified Person, as defined by National Instrument 43-101 ("NI 43-101"), who has reviewed and approved the technical information relating to the evaluation and exploration assets disclosed in the Company's MD&A.

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. The company has two large properties in the Lynn Lake Greenstone Belt of Manitoba. All of the Company's properties are currently at the exploration stage and all are 100% owned subject only to two small net smelter returns royalties on individual properties.

The Company holds interests in 40 mineral properties, with 38 held by way of mineral claims and two by mineral leases, all located in Saskatchewan and Manitoba. Twenty-six of the properties have been assembled into eight groups and the remaining fourteen are presently considered individual properties. The properties are held by way of mineral claims and mining leases.

During the year, the Company incurred \$680,353 in capitalised mineral exploration expenditures, which are summarized overleaf:

	<b>Totals</b>	<b>Mink Narrows Group</b>	<b>Gold Rock Group</b>	<b>Smelter Group</b>	<b>Hanson Lake</b>	<b>Alberts Group</b>	<b>Kississing/ Kiss Group</b>	<b>Otter Group</b>	<b>Lucille</b>	<b>Others</b>
Royalty purchase	<b>270,000</b>	58,552	64,439	61,301	63,975	17,853	1,615	-	2,265	-
Claim acquisition & holding	<b>46,260</b>	516	469	5,147	224	516	5,996	18,104	74	15,214
Assay	<b>15,724</b>	-	-	2,841	-	-	9,839	3,044	-	-
Geological,	<b>119</b>	-	-	-	-	-	-	119	-	-
Field labour costs	<b>195,377</b>	-	3,888	18,163	24,700	15,900	39,088	88,575	-	5,063
Other fields costs	<b>71,134</b>	1,346	578	4,316	2,896	11,714	23,231	22,492	-	4,561
Diamond drilling	<b>81,739</b>	-	-	-	144	8,400	73,195	-	-	-
<b>Total 2012 expenditures</b>	<b>680,353</b>	<b>60,414</b>	<b>69,374</b>	<b>91,768</b>	<b>91,939</b>	<b>54,383</b>	<b>152,964</b>	<b>132,334</b>	<b>2,339</b>	<b>24,838</b>

On January 23, 2012, the Company announced that it had reached an agreement with Jaxon Minerals Inc (JAX-TSX-V). "Jaxon" whereby Jaxon will acquire, under a four year option, the Company's Burn Property for a total consideration of \$10,000, 1,900,000 shares and a work commitment of \$600,000 to earn 100% interest. Copper Reef will retain a 2.5% NSR of which one percentage point can be purchased by Jaxon for \$1,000,000 or alternatively, at the Company's election, payment of a \$1.00 per ton royalty for ore extracted from the property.

### **MINK NARROWS GROUP**

The Mink Narrows Property is comprised of 36 unpatented mining claims totalling 3,885 ha. The claims are owned 100% by Copper Reef Mining Corporation and are not subject to any royalties.

A total of \$1,213,283 in credits in excessive of required work commitments have been filed against the property to offset the annual requirement is \$81,925.

Falconbridge Nickel Mines Ltd. calculated a resource estimate on the Copper Reef Deposit in November, 1969 (Karup-Moller, 1969). It is not a NI-43-101 compliant resource estimate and should be considered historical. The Copper Reef VMS deposit is a copper-rich massive sulphide deposit containing an historic inferred resource of 503,343 tons of mineralization at a grade of 1.5% copper and 0.5% zinc.

Planned future work on this property includes a total of thirteen drill holes. Three will test three spectrum flight EM geophysical anomalies on Lake Athapapuskow and two will be focused at the western edge of the Mystic Grid near Alteration Bay to test a magnetic anomaly as well as the S-Fold conductor in the same grid area between lines 10E and 19+25E.

Ground geophysics is planned for verification of geophysical anomaly targets. The remaining eight diamond drill holes over the Copper Reef deposit are planned to twin some of the old HudBay Minerals and Falconbridge holes. This drilling includes five over the Copper Reef Deposit that Hudson Bay Exploration and Development drilled in 1952-53 and three that Falconbridge drilled in 1969. The five twinned Hudson Bay holes will be numbers 17, 19, 24, 25 and 26 and will be drilled from the south side of the deposit, drilling north as opposed to the Hudson Bay's holes which were drilled down dip. Copper Reef Mining Corporation will attempt to intersect the same vertical depth intercepts that Hudson Bay achieved with their holes. The Falconbridge holes that Copper Reef Mining Corporation will be twinning are holes MN-8, MN-10 and MN-12. A borehole pulse EM survey will be conducted on all 13 drill holes.

During the year, work was limited to maintenance of the property.

### **GOLD ROCK GROUP**

The Gold Rock Group includes the Gold Rock, North Star and Star mineral properties, the North Star mining lease and the Gold Rock mining lease. The North Star mineral property and mining lease are subject to 2% NSR payable to Al Basham.

the Gold Rock Mining Lease is 100% owned by the Company, subject to 2% NSR to Dean Smith. In addition Mr. Smith retains a 25% Net Profit Interest in the first 25 feet below surface of vein material as currently documented.

Also included in the Gold Rock Group is the Murr claim, also owned 100%, subject only to a 1% NSR.

A total of \$2,965,996 in credits in excessive of required work commitments have been filed against the property to offset the annual requirement is \$195,550.

In 2005, the vendor of the North Star claims, Foran Mining Corp., commissioned an N.I. 43-101 resource which stated an indicated resource of 19,100 tonnes grading 10.6 grammes per tonne and containing 6,100 ounces of gold. This resource was based on \$400 per ounce gold as compared to the current price.

Planned future work includes extending the Gold Rock Grid by linecutting and chaining to the north with four more lines (72-75N) from line 71N between baseline 50E and 59E on the claims Star MB3434 and Star 3 MB5365 in light of the new gold discovery on the Richard vein located on line 70N.

The new extended grid will be detail mapped and sampled.

The Northstar Grid will be refurbished to allow for drilling ten new HQ infill drill holes in the Northstar Gold Vein. Additional (phase-four) drilling along the Gold Rock Vein from 61+30N to 65+60N using HQ core is also planned. The drill program is designed to intersect the Gold Rock Vein at the 50, 100, 200 and 300 vertical meter level from surface by selectively and methodically testing the Gold Rock Quartz Vein in areas where previous holes had intersected significant gold. A total of 66 HQ drill holes will test the Gold Rock Vein where high grade gold assays were obtained from the previous drill programs.

### **SMELTER GROUP**

The Smelter Property is comprised of three contiguous claims covering 276 hectares and are 100% owned by the Company.

A total of \$1,356,702 in credits in excessive of required work commitments have been filed against the property to offset the annual requirement is \$6,900.

Dissappointing results from drilling in 2011 has resulted in a re-evaluation of any potential work for the future. In order to test current hypotheses, the Company plans seismic and/or deep penetrating moving loop Transient Electromagnetic Surveys (TEM) in order to complete a much needed detailed structural and stratigraphic analysis. Knowledge gained from prior work will allow for this work and analysis to be conducted at minimal costs, following which further drilling may be warranted.

### **HANSON LAKE PROPERTY**

The Hanson Lake property is a single claim, owned 100% by the Company.

A total of \$2,603,852 in credits in excessive of required work commitments have been filed against the property to offset the annual requirement is \$5,412.

Future plans include a \$ 1million drilling programme to further test targets delineated with the previous two phases.

The McIlvenna Bay property, sold in 2010, was part of the Hanson Lake group. As at November 30, 2012, November 30, 2011 and December 1, 2010, the Company held a \$0.75 per tonne mined royalty ("NTR") against the McIlvenna Bay Property, formerly held as to a 25% interest by the Company and subsequently sold to Foran Mining Corporation with the NTR being part of the consideration paid to the Company.

Foran Mining has issued an N.I. 43-101 resource report which states Indicated Resources of 6,510,000 tonnes grading 0.82% Copper, 6.60% Zinc and 26 grams per tonne silver plus an inferred resource of 6,000,000 tonnes grading 0.83% Copper, 5.89% Zinc and 25 grams per tonne silver.

## **ALBERTS GROUP**

The Alberts Lake Group includes the Alberts Lake, Lew, Leo Lake, Amulet, Mike, Mur and Hanna mineral properties. With the exception of the Mike 1 (15% Net Profits Interest) and Mur 6 (2% Net Smelter Returns royalty, all claims are 100% owned by the Company.

A total of \$812,507 in credits in excessive of required work commitments have been filed against the property to offset the annual requirement is \$193,303.

Work by previous owners has indicated non N.I. 43-101 resources that need to be tested by the Company.

Planned future work includes an estimated \$1 million drill programme of 40 diamond drill holes on the gold deposit area and a further 4 holes on and near Alberts lake to test two different Helicopter Born Versatile Time Domain Electromagnetic (VTEM) anomalies and to perform ground geophysics to verify and locate the VTEM anomalies on the ground.

## **MORGAN GROUP**

The Morgan Group includes the Morgan, Bruce Morgan, Woo and Woosey mineral properties. The Morgan claims are 100% owned, subject to a 10 % Net Profits Interest to Bruce Dunlop with an advance royalty payment of \$150,000 upon Bruce Morgan Property production decision. by the Company. The Woo and Woosey claims are 100% owned with no underlying royalties or charges.

A total of \$1,040,161 in credits in excessive of required work commitments have been filed against the property to offset the annual requirement is \$25,750.

Non, N.I. 43-101 resources have been identified on the properties. Future work estimated at \$1,000,000 for 5,000 meters of diamond drilling to test numerous geophysics targets on the Morgan, Woo and Woosey claims.

## **KISSISSING GROUP**

The Kississing Group is comprised of two properties, the Kiss and Kississing mineral claims, both of which are 100% owned by the Company.

A total of \$84,678 in credits in excessive of required work commitments have been filed against the property to offset the annual requirement is \$43,693.

On February 27, 2012, the Company announced that it had commenced drilling at its Kississing Lake gold zone located in the Sherridon Mining Camp of Northern Manitoba. The gold mineralization had 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.

On May 2, 2012, the Company announced that it had received the results of drill program noted above. The mineralized horizon, as well as stratigraphy, was found to be very shallow dipping (8-10 degrees), explaining the wide area of mineralization at surface on the shore. This is quite different from what geological maps had shown.

A total of five holes were drilled on the lake ice in a row, one behind the other from within 35 m of the main showing to as far back as 170 m. A number of stratabound mineralized horizons were intersected ranging from 0.2 g to 1.6 g /t gold up to 3.5 m true thickness. The main mineralized horizon which now appears to be 3-4 m thick and assaying at surface up to 10 g /t gold was not intersected in the closest three holes due to the flatness of the mineralized horizon and the depth of the lake causing these three holes to over-shoot the target horizon.

Two holes further back (140 m and 170 m) intersected the main horizon over a 3-4 metre width, which assayed 1.6 g /t gold over 1 m.

The Electromagnetic target flanking the gold at surface was explained by a graphitic, sulphide rich thrust fault elevated in arsenopyrite but with only low gold values of 0.1-0.2 g /t gold. Although better grades and thicknesses may exist along strike and closer to the mineralized outcrop on the south shore, the Company believes the flat dip next to a lake is prohibitive for mining. For these reasons as well as the lower than expected grades, the Company will not carry out further exploration in this northern area of the property. A number of targets remain on the southern portion of the property which include: the Ideal Zone, a high grade base-metal prospect with significant gold as well as a number of untested electromagnetic targets associated with the base-metal horizon.

## **HAMMEL LAKE PROPERTY**

On April 23, 2012, the Company announced that it had acquired 100% of the Hamell Lake Property (the Property) for \$5,000 and 50,000 shares of CZC subject to CNSX approval. The vendor will retain a 1% NSR.

The Property, located just to the west of the Hudson Bay Smelter, consists of three claims totalling 2,219 ha. The property lies stratigraphically along what is believed to be the folded equivalent of the Main Flin Flon Mine stratigraphy across the Beaver Road anticline. The property straddles the Hanson Lake highway (Hwy 106), 2 km west of Flin Flon Manitoba and immediately north east of the town of Creighton, Saskatchewan. These Claims occur 3 km west of Copper Reef's Smelter Claims in Manitoba, which lie immediately north of the Callinan and Flin Flon orebodies

Initial work included sampling and mapping of two previously identified VTEM anomalies located west of Hamell Lake approximately 600 meters apart that coincide with five gossanous prospect pits/trenches.

Future work is planned for the Blue Lagoon member of the Flin Flon formation located about 500 meters NW of Hanson trench having similar character that of the Blue Lagoon member of the Flin Flon formation underlying the VMS host rock "Mill Rock" formation. To test the hypothesis four (4) deep diamond drillholes are recommended.

In addition, work on the the Hanson Trench area with deep penetrating geophysical surveys down plunge of the copper mineralization at surface. The target areas above lie on what is believed to be the west limb of a fold of the main Flin Flon Mine Horizon.

Overall preliminary budget for drilling and geophysical surveys is estimated at \$200,000.

## OTTER LAKE GROUP

On December 23, 2011, the Company announced the 100% acquisition of the Otter Lake Property (the Property) for \$5,000 and 50,000 shares of the Company. The vendor retained a 1% NSR.

The Property consists of four claims totalling 344 ha and is contiguous with Copper Reef's Twin Lakes Property, which straddles highway 10, 30 km south of Flin Flon Manitoba. The two properties total 1,388 ha.

The Otter Lake Group, contains a number of gold prospects which are part of a trend of gold showings and mines along the northwest trending Payuk Lake - Gurney Mine deformation zone (Gurney Mine Structure). The Gurney Mine structure is approximately up to 80 metres wide locally, with gold showings and deposits generally on the southern side of the structure in subsidiary shears. Copper Reef holds 4 km of this gold structure.

On June 4, 2012, the Company announced it had received assays from a preliminary sampling of the Parres Vein on its 100% owned Otter Lake Property. The Vein which averages 80 cm wide is exposed over 100 m before buried beneath soil cover at each end. Ten samples along a 90 m section were taken at roughly every 10 meters intervals. The results indicate high grade gold mainly associated with galena and minor pyrite and chalcopyrite. From northeast to south west along the strike of the vein the results in grams per tonne gold are as follows: 7.17, 0.83, 33.90, 33.89, 49.50 114.20, 46.61, 24.61 3.10, and < 0.03.

The most westerly sample taken of a barren portion of the vein did not carry but a 50 m section averaged over 35 grams gold per tonne (over 1.0 ounce gold /ton). Other similar veins in the same area were observed to contain galena but remain to be sampled systematically after they are better exposed and mapped.

The Otter Lake Property has a 1% NSR payable to Bruce Murray a local prospector.

On June 4, 2012, the Company issued results from a previously announced sampling programme on the Parres vein. The Parres vein, which averages 80 cm wide, is exposed over 100 m before buried beneath soil cover at each end. Ten samples along a 90 m section were taken at roughly every 10 meters intervals. The results indicate high grade gold mainly associated with galena and minor pyrite and chalcopyrite. From northeast to south west along the strike of the vein the results in grams per tonne gold are as follows: 7.17, 0.83, 33.90, 33.89, 49.50 114.20, 46.61, 24.61 3.10, and < 0.03. The most westerly sample taken of a barren portion of the vein did not carry but a 50 m section averaged over 35 grams gold per tonne (over 1.0 ounce gold /ton). Other similar veins in the same area were observed to contain galena but remain to be sampled systematically after they are better exposed and mapped.

On June 27, 2012, the Company announced that it had received that silver assays up to 477 g/t silver from the sampling of the Parres Vein.

These results together with the June 4, 2012 results are summarized as follows:

Sample No.	Au (g/t)	Au (oz/t)	Ag (g/t)	Ag (oz/t)	Pb (%)
539410	7.17	0.21	39.6	1.16	0.13
539401	0.83	0.02	6.8	0.20	.11
539402	33.9	0.99	165.1	4.82	0.59
539403	33.89	0.99	179.3	5.23	1.86
539404	49.5	1.44	245.7	7.17	3.00
539405	114.2	3.33	477.0	13.91	0.64
539406	46.61	1.36	357.1	10.42	0.32
539407	24.61	0.72	140.0	4.08	0.65
539408	3.10	0.09	5.3	0.15	0.01
539409	<0.03	0.00	1.5	0.04	0.00

## OTHER PROPERTIES

During the Quarter ended November 30, 2012, work continued on the Smelter, Albert and Kississing properties with no reportable results received as at the date of this MD&A.

Steven Masson, MSc, P. Geo, President and CEO of the Company, is the Qualified Person as defined in National Instrument 43-101, who has reviewed and approved the technical content of this MDA.

## ROYALTIES

During theyear, the Company negotiated the purchase of three royalties, two of which were against sixteen properties and one against, fifteen. Two of the royalties were Net Smelter Returns ("NSR") and one a Net Profits Interest ("NPI")The purchases are summarized as follows:

Royalty Holder	No. Of Properties	Type of Royalty	Per-cent	Cash Paid	Shares issued	Share hold period
Vista Gold Corp.	16	NSR	2%	\$ 100,000	1,000,000	3 years to June 26, 2015
A.L. Parres Ltd.	15	NSR	1%	50,000	250,000	4 months to January 7, 2013
Thundermin Resources Inc.	16	NPI	6%	35,000	750,000	3 years to August 15, 2015
<b>Totals</b>	<b>Twenty Properties affected</b>			<b>185,000</b>	<b>2,000,000</b>	

## 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:

	2012 \$'s	2011 \$'s	2010 \$'s
(Loss)/income for the year	<b>(603,291)</b>	(1,912,248)	921,522
(Loss)/income per common share, basic and diluted	<b>(0.006)</b>	(0.020)	0.014
Weighted Average number of common shares	<b>105,087,420</b>	94,590,949	67,280,768
<b>Balance Sheet Data</b>			
Working Capital/(Deficiency)	<b>2,573,092</b>	2,613,336	4,395,343
Total assets	<b>11,228,941</b>	11,411,897	10,114,954

\* Data for fiscal 2010 has been prepared in accordance with Canadian Generally Accepted Accounting Principles.

### REVENUES

The Company is currently engaged in mineral property acquisition and exploration and does not have revenues from its operations. Net revenues shown in the Statement of Loss and Comprehensive Loss relate to Unrealized Gains/(losses) with marketable securities, and Option payments by third parties (cash and shares).

### SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly information for the preceding eight quarters ended November 30, 2012:

	Q4 November 30, 2012	Q3 August 31, 2012	Q2 May 31, 2012	Q1 February 29, 2012
Other income/(loss)	(383,201)	(129,799)	(455,000)	865,000
Net income (loss) for the period	(311,481)	(409,799)	(595,383)	713,372
Net Income/(Loss) per Share, Basic Non- Diluted	(0.003)	(0.004)	(0.006)	0.007
Number of shares outstanding	106,721,300	105,262,604	104,621,300	104,621,300
	Q4 November, 30 2011	Q3 August 31, 2011	Q2 May 10, 2011	Q1 February 28, 2011
Other income/(loss)	(479,851)	(720,000)	(1,240,000)	1,240,014
Net income (loss) for the period	(456,423)	(1,048,391)	(1,513,118)	1,105,684
Net Income/(Loss) per Share, Basic Non- Diluted	(0.005)	(0.012)	(0.016)	0.013
Number of shares outstanding	99,454,634	97,754,634	97,754,634	88,203,590

\*This financial data has been prepared in accordance with International Financial Reporting Standards and all figures are stated in Canadian dollars.

### RESULTS OF OPERATIONS FOR THE YEARS ENDED NOVEMBER 30:

	2012	2011	Increase/ (Decrease) \$'s	Increase/ (Decrease) %
Bank charges and interest	899	1,363	(464)	-34%
Filing fees	48,060	49,157	(1,097)	-2%
Management fees and salaries	82,722	62,760	19,962	32%
Office and general	13,043	140,041	(126,998)	-91%
Professional fees	125,793	118,946	6,847	6%
Rent and utilities	29,869	43,623	(13,754)	-32%
Travel and promotion	13,990	42,602	(28,612)	-67%
Generative exploration	266,269	296,888	(30,619)	10%
	580,645	755,380	(174,735)	-23%

Management fees and salaries, Office and general, Rent and utilities and Travel and promotion decreased significantly year over year due to on-going discretionary cost cutting measures in fiscal 2012.

## FINANCINGS

During the year ended November 30, 2012 the Company issued 5,166,666 flow-through shares to Manitoba residents at \$0.12 per share for gross proceeds of \$620,000. Pursuant to this issue, 291,667 warrants were issued to brokers, exercisable for one common share per warrant at \$0.12 for 18 months. The Company is committed to incur prior to December 31, 2012, on a best efforts basis, \$620,000 in qualifying 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 the same officer purchased 350,000 units for gross proceeds of \$42,000 pursuant to this financing.

## LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2012, the Company had working capital of \$2,573,092 as compared to working capital of \$2,613,336 as at November 30, 2011. 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.

## OUTSTANDING SHARE DATA

### AUTHORIZED SHARE CAPITAL

Unlimited share capital with no par value.

As at March 27<sup>th</sup>, 2013, the Company had the following common shares, stock options and warrants outstanding:

Common shares	110,471,300
Stock options (vested and unvested)	7,370,000
Warrants	4,041,667
<b>Fully diluted shares outstanding</b>	<b>121,882,967</b>

	Number of Shares	Share Capital
Balance as at November 30, 2011	99,454,634	12,947,909
Shares issued for cash, private placement	5,166,666	620,000
Flow through share premium	–	(81,667)
Share issue costs	–	(88,700)
Tax effect of share issue costs	–	28,000
Broker warrants	–	(16,042)
Shares issued for royalty interests	2,000,000	85,000
Shares issued for exploration assets	100,000	8,250
<b>Balance, November 30, 2012</b>	<b>106,721,300</b>	<b>12,821,625</b>
Shares issued for cash, private placement	3,750,000	280,000
Flow through share premium	–	(54,995)
<b>Balance, March 27, 2013</b>	<b>110,471,300</b>	<b>13,044,630</b>

### STOCK OPTIONS AS AT MARCH 27, 2013

	Expiry Date	Number of issued and exercisable options	Exercise price	Average remaining life (years)
Balance December 1, 2010	May 25, 2015	3,520,000	0.10	2.17
Exercised		(200,000)	0.10	-
Issued April 27, 2011	April 27, 2016	200,000	0.11	3.08
Issued, June 15, 2011	June 15, 2016	1,575,000	0.10	3.22
Balance, November 30, 2011 and 2012		5,095,000	0.10	2.70
Issued January 25, 2013	January 25, 2018	2,275,000	0.10	4.83
Balance, March 27, 2013		7,370,000	0.10	3.45

### WARRANTS AS AT MARCH 27, 2013

The Company's warrant activity to March 27th, 2013, is summarized as follows:

	Number of Warrants	Weighted Average Exercise price (\$)	Average Remaining Contract Life (years)	Expiry Date
<b>Balance, November 30, 2011</b>	<b>7,940,626</b>	<b>0.16</b>	-	
Warrants Issued	291,667	0.12	0.135	June 9, 2013
Expired	(7,940,626)	0.16	-	
<b>Balance November 30, 2012</b>	<b>291,667</b>	<b>0.15</b>	<b>0.135</b>	
Issued December 31, 2012	3,750,000	0.15	0.764	December 31, 2013
<b>Balance March 27, 2013</b>	<b>4,041,667</b>	<b>0.15</b>	<b>0.786</b>	

### SUBSEQUENT EVENTS

Subsequent to November 30, 2012, the Company completed a non-brokered private placement of 3,750,000 units for gross proceeds of \$280,000 of which 1,000,000 units were comprised of one common share and one common share purchase warrant and were sold for \$0.06 per unit. The balance of 2,750,000 units were comprised of one flow-through share and one flow-through common share purchase warrant and were sold for \$0.08 per unit. A director and officer of the Company subscribed for 2,250,000 flow-through units. A family member of the same director and officer subscribed for 500,000 flow-through units. Each whole warrant is exercisable into one flow-through common share of the Company at a price of \$0.15 per flow-through share until December 29, 2013 for the non-flow-through unit warrants and January 1, 2014 for the flow-through unit warrants

On January 25, 2013, 2,275,000 share purchase options, exercisable at \$0.10 per option, were granted to directors, officers, employees and consultants of the Company. The options vested immediately and have an expiry date of January 24, 2018.

## CHANGES TO ACCOUNTING POLICIES

The Company has changed certain accounting policies to be consistent with IFRS. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements

Significant accounting policies adopted under IFRS, a summary of exemptions and elections along with reconciliations of Canadian GAAP to IFRS, and descriptions of the effect of transitioning from Canadian GAAP to IFRS are included in the annual financial statements for the year ended November 30, 2012 which are available at [www.sedar.com](http://www.sedar.com).

### ***Conversion to International Financial Reporting Standards***

The Canadian Accounting Standards Board (“AcSB”) confirmed in February 2008 that IFRS will replace Canadian Generally Accepted Accounting Principles for publicly accountable enterprises for financial periods beginning on or after January 1, 2011. These audited financial statements for the year-ended ended November 30, 2012 have been prepared in accordance with IAS 34 using accounting policies consistent with IFRS as issued by IASB and IFRIC.

These are the Company’s first IFRS IFRS annual financial statements to be presented in accordance with IFRS for the year ending November 30<sup>th</sup>, 2012. (Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian GAAP.)

### ***Transition to International Financial Reporting Standards***

As stated in Note 2 of the financial statements for the year ended November 30, 2012, these are the Company’s first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 of the annual financial statements for the year ended November 30, 2012 have been applied as follows:

In preparing the financial statements for the year ended November 30, 2012;

- the comparative information for the year ended November 30, 2011;
- the statement of financial position as at November 30, 2011; and
- the preparation of an opening IFRS statement of financial position on the Transition Date (December 1, 2010).

In preparing the opening IFRS statement of financial position, comparative information for the year ended November 30, 2012 and the financial statements for the year ended November 30, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. Further details of the adjustments to the statements of financial position and statements of loss and comprehensive loss, and statements of cash flows, including various reconciliations, are disclosed in note 17 to the financial statements for the year-ended November 30, 2012.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. In preparing these financial statements for the transition from Canadian GAAP to IFRS, the Company has elected to apply the following exemptions:

### ***IFRS 2 – Share-based payment transactions***

IFRS 2 Share-based Payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before December 1, 2010.

IFRS 2, similar to Canadian GAAP, requires the Company to measure share-based payments related to share purchase options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, under IFRS 2, the recognition of such expense must be done with a “graded vesting” methodology as opposed to the straight-line vesting method allowed under Canadian GAAP. In addition, under IFRS, forfeitures estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods; while under Canadian GAAP, forfeitures of awards are recognized as they occur.

***IAS 16 – Property, plant and equipment***

IAS 16 Property, plant and equipment allows for property, plant and equipment to continue to be carried at cost less depreciation, same as under Canadian GAAP.

***Reclassification within Equity Section***

IFRS requires an entity to present reconciliation between the carrying amount at the beginning and end of the period for each component of equity, separately disclosing each change. The Company examined its “contributed surplus” account and concluded that as at the Transition Date, \$220,600 relates to “Stock Options reserve” and \$535,227 related to the grant date fair value of the expired warrants and options which were allocated to “Deficit”. As a result, the Company believes that a reclassification would be necessary in the equity section between “Contributed surplus” and the deferred Stock Options reserve” “Warrants reserve” accounts and deficit.

**OFF-BALANCE SHEET ARRANGEMENTS**

As at March 27, 2013, the Company had no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS AND BALANCES

### RELATED PARTY BALANCES

Related party	Purpose	Fiscal 2012		Fiscal 2011	
		Amount Paid	Accounts payable or accrued at year-end	Amount Paid	Accounts payable or accrued at year-end
Corporation controlled by a director	Management Fees expenses	42,000	–	42,000	–
		–	–	8,762	–
Corporation controlled by an officer	Filing fees	30,000	–	30,000	–
Corporation controlled by a director	Chief financial officer	30,000	–	21,250	–
Accounting firm of which an Officer of the Company is a partner	Professional fees	49,741	10,000	58,816	20,275
Corporation controlled by a Director and significant shareholder	Management fees -related	144,000	–	144,000	–
	Management fees – other	13,342	–	40,928	–
r	Capitalized to Exploration	415,997	–	633,651	–
	Rent and Utilities	27,057	–	43,051	–
	Office and general	16,543	–	89,573	78,305

During the year ended November 30, 2012, the Company recorded director's fees of \$nil (2011 - \$nil).

All of the above transactions are in the normal course of business and are measured at the exchange amounts established and agreed to by the related parties.

The remuneration of directors and other members of management were as follows:

	For the year ended November 30	
	2012	2011
	\$	\$
Short term employee benefits	246,000	237,250
Share-based payments	-	116,000
	<b>246,000</b>	<b>353,250</b>

In accordance to IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

## COMMITMENTS AND CONTINGENCIES

### COMMITMENTS

#### Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010 with M'Ore and the President of M'Ore, who is an officer and director of the Company. Pursuant to the agreement, M'Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement is for a period of two years ended December 31, 2012 and can be renewed thereafter at the end of every 12 months. Pursuant to this agreement, management fees and salaries incurred by M'Ore are capped at \$200,000 per annum. Additionally the Company entered into a lease with M'Ore whereby they will pay \$30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various equipment if utilized by the Company. In the event the exploration management services agreement is terminated by the Company, the Company is required to pay an amount equal to \$72,000.

### CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### FLOW-THROUGH EXPENDITURES

During the year ended November 30, 2012, the Company renounced Canadian exploration expenditures in the aggregate amount of \$3,469,300 (2011 -\$666,500) related to proceeds from the issuance of flow-through shares pursuant to the financings described in Note 9(b) and has incurred these qualifying Canadian exploration expenditures as at November 30, 2012. If the Company does not incur the required qualifying expenditures, it

will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

## **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, decommissioning and restoration costs, deferred future tax assets and liabilities, and stock-based compensation.

### ***Evaluation and exploration assets***

Evaluation and exploration assets include acquired mineral rights for mineral properties held by the Company. The amount of consideration paid (in cash or share value) for mineral rights is capitalized. The amounts shown for evaluation and exploration assets represent costs of acquisition, other than transaction costs, incurred to date (excluding transaction costs), less recoveries, and do not necessarily reflect present or future values. These costs will be amortized against revenue from future production or written off if the evaluation and exploration assets are abandoned or sold. Included in the cost of evaluation and exploration assets is the cost of the estimated decommissioning liability. The Company has classified evaluation and exploration assets as intangible in nature. Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon estimated proven and probable reserves.

Ownership in evaluation and exploration assets involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for the evaluation and exploration assets is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its evaluation and exploration assets have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of evaluation and exploration assets carrying values.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

## **RISKS AND UNCERTAINTIES**

The Company is in the business of acquiring, exploring and developing gold and base metal properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subjected to variations in commodity prices, market sentiment, exchange rates for currency, inflations and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

### **1. Financial risks**

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, deposits and accounts payable and accrued liabilities. The carrying values of cash and cash equivalents, amounts receivable, deposits, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

The Company is exposed to credit risk with respect to its cash and cash equivalents. Cash and cash equivalents have been placed on deposit with a major Canadian, financial institutions. Credit risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing term deposits held at a major Canadian financial institution.

The Company's cash and cash equivalents include term deposits. The Company is not exposed to significant interest rate risk due to the short-term maturity of these monetary assets given fluctuations in market rates do not have a significant impact on estimated fair values at November 30, 2012. Future cash flows from interest on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by investing in highly liquid investments with maturities of three months or less.

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to significant other price risk.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. The Company's expected source of cash flow in the upcoming year will be through equity financings. The Company maintained sufficient cash and marketable securities at November 30, 2012 in the amount of \$2,674,635, in order to meet short-term business requirements. At November 30, 2012, the Company had accounts payable and accrued liabilities of \$114,293, which will be repaid within three months.

### **2. Going Concern**

The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due. If the Company were

unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

Copper Reef has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues.

The Company plans to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

Management has initiated a strict cost control program to effectively control expenditures. As a result of these cost control measures, it is expected that the current cash position will be sufficient to fund the Company's needs for the 2012 fiscal year. Management will review several funding options including equity financing and seeking joint venture partners to further its mineral property interests at the appropriate time. While the Company has been successful in raising funds in the past, there are no assurances that additional funding and/or suitable joint venture agreements will be obtained.

### **3. Exploration and Mining Risks**

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Company's properties have no known body of commercial ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labor are other risks involved in the operation of mines and the conduct of exploration programs. The Company has relied on and may continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold, copper and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The Company has no producing mines at this time. All of the properties in which the Company may earn an interest are at the exploration stage only. Most exploration projects do not result in the discovery of commercially mineable deposits of ore.

### **4. Development Risks**

The marketability of any minerals which may be acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including

regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection.

**5. Loss of Interest in and Value of Properties**

The Company's ability to maintain its interests in its mineral properties and to fund ongoing exploration costs will be entirely dependent on its ability to raise additional funds by equity financings. If the Company is unable to raise such funds it may suffer dilution or loss of its interest in its mineral properties. The amounts attributed to the Company's interests in mineral properties in its financial statements represent acquisition and exploration costs, and should not be taken to reflect realizable value.

**6. Financing Risks**

The Company has no history of earnings and no source of operating cash flow and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its equity shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its property, there is no assurance that any such funds will be available. If available, future equity financings may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

**7. Metal Prices**

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of minerals produced by the Company. Factors beyond the control of the Company may affect the marketability of any substances discovered. Mineral prices, in particular gold prices, have fluctuated widely in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company. These other factors include government regulations relating to price, royalties, allowable production and importing and exporting of minerals.

**8. Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

**9. Environmental and Other Regulatory Requirements**

Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit the mining properties is subject to various reporting requirements and to obtaining certain government approvals and there is no assurance that such approvals, including environmental approvals, will be obtained without inordinate delay or at all.

**10. No Assurance of Titles, Boundaries or Surface Rights**

The Company has investigated rights of ownership of all of the mineral properties in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties may be subject to prior claims or agreement transfers, and rights of ownership may be affected by undetected defects. While to the best of the Company's knowledge, title to all properties in which it has the right to acquire an interest is in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to the mining properties in which the Company has the right to acquire an interest. The properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects or the statutes referred to above.

**11. Permits and Licenses**

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

**12. Inability to Meet Cost Contribution Requirements**

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Company may as a result, be subject to loss of its rights to acquire interests in the properties subject to such agreements.

**13. Reliance on Key Personnel**

The nature of the business of the Company, the ability of the Company to continue its exploration and development activities and to thereby develop a competitive edge in the marketplace depends, in a large part, on the ability of the Company to attract and maintain qualified key management personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be able to attract and retain such personnel. The development of the Company now and in the future, will depend on the efforts of key management figures, the loss of whom could have a material adverse effect on the Company. The Company does not currently maintain key-man life insurance on any of the key management employees.

### **CONFLICTS OF INTEREST**

Copper Reef's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which Copper Reef may participate, the directors and officers of Copper Reef may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, Copper Reef will follow the provisions of the *Business Corporations Act (BC)* ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of Copper Reef's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of Manitoba, the directors and officers of Copper Reef are required to act honestly, in good faith, and in the best interest of Copper Reef.

### **Future Accounting Pronouncements**

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2012 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 28 (Amendment) Investments in Associates and Joint Ventures

The Board of Directors of Copper Reef has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### **Forward Looking Statements**

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve 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 the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment

or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.