FOX RESOURCES LTD.
(*An Exploration Stage Company*)

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

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The following management's discussion and analysis ("MD&A") is prepared as at April 26, 2011 and should be read in conjunction with the audited financial statements for the year ended December 31, 2010 and related notes, which are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Annual references are to the Company's fiscal years, which end on December 31. All amounts are expressed in Canadian Dollars unless otherwise noted. Additional information regarding the Company is available on SEDAR at www.sedar.com.

OVERVIEW OF THE BUSINESS

Fox Resources Ltd. (the "Company") was incorporated under the *Canada Business Corporations Act* on February 3, 2006 and, effective July 6, 2009, changed its continuance out of the Federal Jurisdiction into the British Columbia jurisdiction under the *Business Corporations Act* (British Columbia). The Company was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "TSX-V" or "Exchange") Listings Policy 2.4. The Company completed an initial public offering ("IPO") and commenced trading on the TSX-V on May 5, 2006.

On June 2, 2008, the Company announced that for its qualifying transaction ("QT"), it entered into an option agreement on the Otter Gold Property in Princeton, British Columbia dated May 27, 2008 and on August 18, 2008, the Company received final approval from the Exchange for the QT, the related private placements totalling $390,000 and the name change, and its common shares resumed trading under its current name and new trading symbol "FAX" commencing on August 19, 2008.

On August 18, 2009, the Company paid $5,000 to the optionor to amend its option agreement and postpone the first anniversary commitments of paying $50,000 in cash, issuing 75,000 common shares and incurring $200,000 exploration expenditures until December 31, 2009. Upon receipt and analysis of the assay results from the 2009 follow-up program, the management decided to drop the Otter Gold Property and wrote off the entire amount as of December 31, 2009. The Company is in the process of identifying mineral properties of interest for acquisition.

SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
	$	$	$
Total revenues	**2,078**	2,102	6,903
General and administrative expenses	**85,787**	88,211	124,137
Loss for the period	**(84,024)**	(264,923)	(111,126)
Loss per share	**(0.03)**	(0.08)	(0.05)
Total assets	**227,512**	319,335	676,392
Total long-term financial liabilities	**-**	-	-
Cash dividends declared – per share	**N/A**	N/A	N/A

SELECTED QUARTERLY FINANCIAL INFORMATION

The selected financial information provided below is derived from the unaudited quarterly financial statements for each of the last eight quarters:

	Dec 31, 2010 Quarter	Sep 30, 2010 Quarter	Jun 30, 2010 Quarter	Mar 31, 2010 Quarter	Dec 31, 2009 Quarter	Sep 30, 2009 Quarter	Jun 30, 2009 Quarter	Mar 31, 2009 Quarter
Revenue	$ 684	$ 649	$ 364	$ 381	$ 413	$ 480	$ 429	$ 780
Net (loss) income	(18,894)	(12,360)	(17,895)	(34,875)	(258,009)	(12,237)	(21,657)	26,980
(Loss) earnings per share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.08)	$ (0.00)	$ (0.01)	$ 0.01

It is important to note that historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures, and therefore liquidity and capital resources, vary substantially from period to period depending on the business undertaken at any one time.

RESULTS OF OPERATIONS

For the year ended December 31, 2010 compared to the year ended December 31, 2009

During year ended December 31, 2010, the Company recorded a net loss of $84,024 ($0.03 loss per share) compared to a net loss of $264,923 ($0.08 loss per share) for the year ended December 31, 2009. The difference was mainly due to $225,328 write-off of mineral property interest in 2009 which was offset by $45,000 future income tax recovery in the year ended December 31, 2009 pursuant to the renunciation of the flow-through shares issued in 2008.

The Company recorded operating expenses of $85,787 during the year ended December 31, 2010 compared to $88,211 for the 2009 year. The change of $2,424 in operating expenses was mostly due to project investigation expense of $15,544 (2009 - $Nil) as a result the Company's active pursuit for mineral exploration projects. While the Company incurred more project investigation costs, other expenses were decreased as a result of conservation of cash to identify a new exploration project: legal fees (2010 - $2,509; 2009 - $7,835), transfer agent, listing and filing fees (2010 - $20,722; 2009 - $23,355), and office expenses (2010 - $645; 2009 - $2,483).

The only revenue recorded during the year ended December 31, 2010 was interest income of $2,078 (2009 - $2,102).

For the three months ended December 31, 2010 compared to the three months ended December 31, 2009

For the three months ended December 31, 2010, the Company incurred a net loss of $18,894 ($0.01 loss per share) compared to a net loss of $258,009 ($0.08 loss per share) for the same period in 2009. The significant decrease in net loss was due to the write-off of mineral property interest of $225,328 during 2009.

Other expenses were comparable between the periods, except for accounting and audit fees (2010 - $15,500; 2009 - $22,500) due to a decrease in audit fee accrual.

CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

The Company’s working capital as at December 31, 2010 was $215,586 (2009 - $299,610). Cash totalled $226,188 as at December 31, 2010, a decrease of $89,824 from $316,012 as at December 31, 2009 due to its operating activities during the year.

As of the date of this MD&A, the Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company completed a financing in April 2011 (see “Outstanding Share Data”) and has sufficient working capital at this time to meet its ongoing financial obligations.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company is focused to use the current treasury to acquire new properties and develop an exploration program for such properties. If market conditions prevail or improve, the Company will make adjustments to budgets accordingly.

OUTSTANDING SHARE DATA

Shares, options and warrants

	2010	**2009**
Common shares issued and outstanding	3,156,667	3,156,667
Options outstanding	223,333	223,333

On April 28, 2006, 50,000 stock options were granted to its consultant at $0.30 per common share, expiring on April 28, 2011. On May 21, 2008, 123,333 stock options were granted to officers and directors at $0.30 per common share, expiring on May 21, 2013. On August 18, 2008, 50,000 stock options were granted to a director and a consultant of the Company at an exercise price of $0.30 per share, expiring on August 18, 2013.

On January 4, 2011, 50,000 stock options were exercised at $0.30.

On April 26, 2011, the Company announced that it closed the non-brokered private placement of 3,120,000 units (the “Unit”) at $0.30 per Unit for gross proceeds of $936,000. Each Unit comprised of one common share and one-half of one non-transferable warrant. Each whole warrant entitled the holder to purchase one additional common share for a period of 18 months at a price of $0.45 per common share. In addition, Finder’s Warrants, entitling the holder to purchase up to 198,000 Units for a period of 18 months from issue at $0.30 per Unit and cash finder’s fees of $41,580 were paid. All securities issued are subject to a four-month hold period expiring on August 26, 2011. Insider participation amounts to 220,000 units.

As of the date of this MD&A, there were 6,326,667 common shares issued and outstanding and 11,477,000 shares outstanding on a diluted basis.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, the Company:

Incurred management and accounting services of $30,000 (2009 - $30,000) and rent of $6,000 (2009 - $6,000) to a private company controlled by a director and an officer of the Company.

As at December 31, 2010, a total of $3,360 (2009 - $3,150) is owed to a private company controlled by a director and an officer of the Company.

These 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

FUTURE ACCOUNTING PRONOUNCEMENT

Convergence of Canadian GAAP with IFRS

Canada's Accounting Standards Board ratified a plan that will result in Canadian GAAP being converged with International Financial Reporting Standards ("IFRS") by 2011. Management has performed a preliminary analysis and highlighted areas where its current Canadian accounting practices differ from IFRS and has concluded that the impact on the Company's financial statements is relatively immaterial (See "International Financial Reporting Standards" section).

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These new standards are harmonized with IFRS. Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, the use of the date of exchange as the measurement date, the requirement to measure non-controlling interests at fair value and a requirement to recognize acquisition related costs that are not capital in nature, such as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011 but early adoption is permitted. The adoption of this standard will not have an impact on the Company's financial statements.

RISK FACTORS

The Company is engaged in exploration for mineral deposits. These activities involve significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry and metal price fluctuations.

Inherent risks within the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the mineral properties the Company is investigating will be economically viable for development and production.

Prices for gold and other commodities

Metals prices are subject to volatile price fluctuations and have a direct impact on the commercial viability of the Company's exploration properties. Price volatility results from a variety of factors, including global consumption and demand for metals, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has designated its cash and cash equivalents as held-for-trading; amounts due to related party and accounts payable and accrued liabilities as other financial liabilities.

The fair values of the Company's cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments. The fair value of amounts due to related party has not been disclosed, as there is no market for such instruments.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest rate risk.

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial asset exposed to credit risk is cash, which is minimized to the extent that it is placed with a major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. As at December 31, 2010, the Company was holding cash of $226,188 (2009 - $316,012). As at December 31, 2010, the Company's accounts payable excluding accrued liabilities of $566 (2009 - $1,575) and amounts due to related party of $3,360 (2009 - $3,150) are due within 30 days.

(c) Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash earns interest from its operating bank accounts, bearing interest of 1.25% per annum. Due to the nature of this financial instrument, fluctuations in market rates do not have a significant impact on net loss as of December 31, 2010. Future cash flows from interest income on cash will be affected by interest rate fluctuations. A 1% change in the interest rate, with other variables unchanged, would affect net loss by an annualized amount of interest equal to approximately $2,262.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory changeover date to International Financial Reporting Standards ("IFRS") for Canadian profit-oriented publicly accountable entities ("PAE's") such as the Company.

The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE's with a December 31 year-end, the first unaudited interim financial statements under IFRS will be the quarter ending March 31, 2011, with comparative financial information for the quarter ended March 31, 2010. The first audited annual financial statements will be for the year ending December 31, 2011, with comparative financial information for the year ended December 31, 2010. This also means that all the opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the January 1, 2010 opening balance sheet which will be issued as part of the comparative financial information in the March 31, 2011 unaudited interim financial statements.

In January 2010, the Company's management assessed the impact of adoption to IFRS and concluded that an adoption date will be January 1, 2011 and a transition date January 1, 2010. The Company's first financial statements prepared under IFRS will be the interim financial statements for the three months ended March 31, 2011 with comparatives for the three months ended March 31, 2010 along with the balance sheet as of the transition date and will include full disclosure of all new IFRS policies.

During 2009, the Company's accountant and CFO examined the impact of the changes in accounting policies per IFRS and attended seminars on the adoption and implementation of IFRS.

The Company reviewed its existing accounting system along with its internal and disclosure control process and concluded that they would not need significant modification as a result of the Company's conversion to IFRS in 2011. The Company also determined that it would rely on certain exemptions allowed under IFRS 1 "*First-time Adoption of International Financial Reporting Standards*" as of the transition date on January 1, 2010. Under IFRS 1 the IFRS standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company intends to apply the following exemptions to its opening balance sheet dated January 1, 2010.

a) Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combination* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company will take advantage of this election and will apply IFRS 3 to business combinations that occurred on or after January 1, 2010. There is no adjustment required to the December 31, 2009's financial statements on the transition date.

b) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company will apply IFRS 2 to awards that vested prior to January 1, 2010 resulting in no adjustments to the December 31, 2009's financial statements on the transition date.

c) IAS 27 – Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively. Therefore, there is no change to the December 31, 2009's financial statements on the transition date.

Given the IFRS 1 exemptions noted above, the Company has identified two adjustments to the December 31, 2009's financial statements on the transition date:

a) "Contributed surplus" versus "Equity settled employee benefit reserve"

IFRS requires "contributed surplus" to be broken down into different categories by naming them various reserves. The Company examined its "contributed surplus" account and concluded that all amounts relate to "Equity settled employee benefit reserve". As a result, on transition date, there will be a reclassification in the equity section between "Contributed Surplus" and "Equity settled employee benefit reserve" for $55,971.

b) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian generally accepted accounting principles; however, there is no equivalent IFRS guidance. Therefore, the Company intends to adopt a policy whereby the premium paid for flow through shares in excess of the market value of the shares without the flow through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made. As a result, as of the transition date, the Company will reverse the $45,000 income tax recovery recorded as a result of flow-through shares in the Statement of Comprehensive Loss and reversed the offsetting $45,000 direct charge to Deficit in the Statement of Shareholders' Equity. There is no material impact of this accounting change as at the transition date to the Statement of Financial Position at January 1, 2010 nor to the balance of the deficit or related reserves as at that date.

During the year ended December 31, 2010, the Company has identified one adjustment:

a) "Contributed surplus" versus "Equity settled employee benefit reserve"

As at December 31, 2010, the Company examined its "contributed surplus" account and concluded that all amounts relate to "Equity settled employee benefit reserve". As a result, the Company believes that a reclassification would be necessary in the equity section between "Contributed Surplus" and "Equity settled employee benefit reserve" for $55,971.

OUTLOOK

The Company is reviewing various potential exploration properties. It has sufficient funds to achieve acquiring these exploration properties, develop exploration programs and meet future working capital requirement. The Company intends to seek out additional financings in the future.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Changes in Internal Control Over Financial Reporting ("ICFR")

The Company's CEO and CFO are responsible for establishing and maintaining the Company's internal controls over financial reporting. Management, including the CEO and CFO, have evaluated the Company's internal controls over financial reporting and have concluded that they provide reasonable assurance with respect to the reliability of financial reporting and the preparation of financial statements for external readers in accordance with Canadian GAAP.

The CEO and CFO have identified that there is limited segregation of financial related duties due to the small size of the Company and its limited number of staff. Many companies of similar size have such limited segregation. Although it is possible, management of the Company does not believe that this lack of segregation of duties has led to a material misstatement in the financial statements. Management has taken appropriate steps to minimize any risk, for example, two senior officers must sign all cash disbursements and senior management regularly reviews internal financial statements and reports.

While management believes that the Company's internal controls over financial reporting provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

FORWARD-LOOKING STATEMENTS

Certain information regarding the Company as set forth in the MD&A, including management's assessment of the Company's future plans and operations, contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuation, imprecision of reserve estimates, environmental risks, taxation policies, competition from other producers, the lack of qualified personnel or management, stock market volatility and the ability to access sufficient capital from external or internal sources. The actual results, performance or achievement could materially differ from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them does, what benefits the Company will derive there from.

Forward-looking statements included or incorporated by reference in this document include statements with respect to:

- Impairment of long-lived assets;
- The Company’s future adoption of IFRS;
- The Company’s adequate working capital to fund its expected operating costs through 2011; and
- Expectations regarding the ability to raise capital and to search for potential projects.