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 October 25th, 2012 constitutes management's view of the factors that affected the Company's financial and operating performance for the three months ended August 31, 2012 and subsequent period ended October 25th, 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 August 31, 2012 of that year. Additional information related to the Company is available for review on SEDAR at 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.

QUARTER 3 – ACTIVITY HIGHLIGHTS

CORPORATE

There were no corporate developments including any financings during the quarter ended August 31, 2012 and the subsequent period ended October 25th**,** 2012.

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 Sheridon Camp and the Hanson Lake Camp in Saskatchewan. The company has two large properties in the Lynn Lake Grrenstone Belt of Manitoba. All of the Company's properties are currently at the exploration stage and all are 100% owned with no financial obligations or work commitments to other parties.

OTTER LAKE PROPERTY

The Otter Lake Property, which is contiguous with Copper Reef's Twin Lakes Property, 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.

One 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.

Copper Reef has planned a summer program of mapping, prospecting, and detailed sampling over this and its adjacent 100% owned Twin Lakes property which the Company acquired by staking. Follow up drilling will target the Parres Vein. The two properties, which total 1,388 ha straddles highway 10, 30 km south of Flin Flon Manitoba. The Twin Lakes property host the similar high grade veins: the Joplin and Payuka Veins as well as the Adit and Shaft gold structures. All these veins remain open along strike and at depth and are accessible on high ground year round. An older abandoned section of Highway 10 passes within a 100 m of the Joplin and Parres Veins providing easy access.

OTHER PROPETIES

During the Quarter ended August 31, 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 the quarter ended August 31, 2012, the Company negotiated the purchase of three royalties, two of which were against sixteen properties and one against, eleven. 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.	11	NSR	1%	50,000	250,000	4 months to January 7, 2013
A.L. Parres Ltd. Other properties	4	NSR	1%			
Thundermin Resources Inc.	16	NPI	6%	35,000	750,000	3 years to August 15, 2015
Totals	**Twenty Properties affected**			**185,000**	**2,000,000**	

A summary of mineral expenditures on a property-by-property is contained overleaf:

Exploration Expenditures

Mineral exploration expenditures for the period are detailed as follows:

	Mink Narrows	Jewel Box	Gold Rock	Lucille	Kiss	Hanson Lake	Smelter	Albert	Kiss-issing	Otter/ Twin Lake	Other	Total
Acquisition/Holding costs	**63.973**		**70,406**	**2,476**		**70,123**	**66,976**	**19,506**	**1,765**		**8,159**	**303.382**
Exploration costs												
Assays - Lab, shipping	–	–	–	–	–	–	–	–	–	773	–	**773**
Line cutting/chaining	–	–	–	–	–	–	–	–	–	–	–	
M'Ore Employees Geological	–	–	1,125	–	–	–	3,468	7,067	10	54,600	225	**66,494**
Field supplies & maint.	–	–	–	–	–	–	–	–	–	551	–	
Field groceries & meals	–	–	–	–	–	–	64	312	133	2,020	–	**2,530**
Fuel	–	–	–	–	–	–	–	–	–	–	–	
Storage	–	–	–	–	–	–	800	3,600	800	8,400	–	**13,600**
Vehicle	–	–	–	–	–	–	–	–	–	–	–	**–**
Equipment rental	–	–	–	–	–	–	–	–	–	–	–	**–**
Field office	–	–	–	–	–	–	–	–	–	–	4,464	**4,464**
Drilling	–	–	–	–	–	–	–	–	–	–	–	**–**
Mineral Exploration costs during peiod period	**63,973**		**71,531**	**2,476**		**70,124**	**71,308**	**30,485**	**2,708**	**61,344**	**17,848**	**391,794**

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.

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 August 31, 2012:

	Q3 August 31, 2012	**Q2 August 31, 2012**	**Q1 February 29, 2012**	**Q4 November, 30 2011**
Net Revenues	(129,799)	(455,000)	865,000	141
Net income (loss) for the period	(409,799)	(595,383)	713,372	(508,388)
Net Income/(Loss) per Share, Basic Non- Diluted	(0.03)	(0.006)	0.007	(0.005)
Number of shares outstanding	105,262,604	104,621,300	104,621,300	99,454,634
	Q3 August 31, 2011	**Q2 August 31, 2011**	**Q1 February 28, 2011**	**Q4 November 30, 2010**
Net Revenues	–	–	1,240,014	2,195,578
Net income (loss) for the period	(1,048,391)	(1,513,118)	1,105,684	1,286,159
Net Income/(Loss) per Share, Basic Non- Diluted	(0.012)	(0.016)	0.013	0.016
Number of shares outstanding	97,754,634	97,754,634	88,203,590	79,453,590

*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 PERIODS ENDED AUGUST 31

	3 Months ended August 31			
	2012	2011	Increase/ (Decrease) $'s	Increase/ (Decrease) %
Bank charges and interest	**187**	189	(2)	(1%)
Filing fees	**10,113**	10,811	(698)	(6%)
Management fees and salaries	**63,370**	43,647	19,723	45%
Office and general	**11,849**	28,238	(16,389)	(58%)
Professional fees	**34,604**	28,031	6,573	23%
Rent and utilities	**6,526**	9,582	(3,056)	(32%)
Travel and promotion	**2,514**	22,193	(19,679)	(89%)
	129,163	142,691	(13,528)	(9%)

Management fees and salaries increased year over year due to focus on overall corporate issues, with a corresponding reduction in time spent on field programmes.

Office and general reduced 58% year over year due to on-going discretionary cost cutting measures in fiscal 2012.

Professional fees increased 23% year over year due, in part to timing of invoices and to increased costs associated with the costs of conversion to IFRS from Canadian GAAP.

Rent and utilities reduced 32% year over year due to significant cost reductions in storage rentals from 2011

Travel and promotion reduced 89% year over year due to reductions on going discretionary cost cutting measures in fiscal 2012.

FINANCINGS

There were no financings during the quarter ended August 31, 2012. There were no warrants or options issued, expired or exercised during the period.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2012, the Company had working capital of $2,967,313 as compared to working capital of $3,156,581 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 October 25th, 2012, the Company had the following common shares, stock options and warrants outstanding:

Common shares	106,621,300
Stock options (vested and unvested)	5,095,000
Warrants	5,166,666
Fully diluted shares outstanding	**116,882,966**

	Number of Shares	Share Capital
Outstanding as at November 30, 2011	99,454,634	12,947,909
Private Placement, December, 2011	5,166,666	620,000
Share issue costs		(63,135)
Fair Value of Warrants issued		(238,661)
Shares issued for Vista Royalty	1,000,000	35,000
Shares issued for Thundermin Royalty	750,000	56,250
Shares issued for A.L. Parres Ltd. Royalty	250,000	18,750
Fair value of expired warrants		29,446
Balance October 25th, 2012	**106,621,300**	**13,405,559**

STOCK OPTIONS

As at November 30, 2011, the Company had 5,095,000 options outstanding (2010 – nil). As at the date of this MD&A, no additional options had been issued and none had expired leaving the Company with 5,095,000 options outstanding.

WARRANTS

The Company's warrant activity to October 25th, 2012, is summarized as follows:

	Number of Warrants	Weighted Average Exercise price ($)	Average Remaining Contract Life	Expiry Date
Balance, November 30, 2011	7,940,626	.16	–	
Warrants Issued	5,166,666	.15	1.125	December, 2013
Expired	(1,750,000)	.20	–	
Expired	(5,536,044)	.33	–	
Expired	(654,570)	.18	–	
Balance October 25th, 2012	**5,166,666**	**..15**	**1.125**	

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 December 31, 2011 which are available at www.sedar.com.

OFF-BALANCE SHEET ARRANGEMENTS

As at October 25th, 2012, the Company had 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.

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 December 31, 2010. 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 August 31, 2012 in the amount of $3,731,585, in order to meet short-term business requirements. At August 31, 2012, the Company had accounts payable and accrued liabilities of $151,918, which will be repaid within three months.

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. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

Additional disclosure concerning Copper Reef's resource property costs is provided in the Company's annual consolidated financial statements and in Note 4 of the unaudited interim consolidated financial statements for the

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

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 British Columbia, the directors and officers of Copper Reef are required to act honestly, in good faith, and in the best interest of Copper Reef.

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 condensed consolidated interim financial statements (unaudited) for the nine months ended August 31st, 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 unaudited consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending November 30th, 2012. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with CAGAAP.

Transition to International Financial Reporting Standards

As stated in Note 2 of the condensed consolidated interim financial statements (unaudited), these are the Company's third interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied as follows:

In preparing the condensed, interim financial statements (unaudited) for the three months ended August 31, 2012;

- the comparative information for the three and six months ended August 31, 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 three months ended August 31, 2012and the financial statements for the year ended November 30, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with CAGAAP. Further details of the adjustments to the condensed interim statements of financial position and comprehensive loss, including various reconciliations, are disclosed in note 17 to the condensed consolidated interim financial statements (unaudited) for the three and six months ended August 31, 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 CAGAAP 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 January 1, 2010.

IFRS 2, similar to CAGAAP, 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 CAGAAP. 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 CAGAAP, 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 CAGAAP.

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 “Equity”. As a result, the Company believes that a reclassification would be necessary in the equity section between “Contributed surplus” and the “Stock Options reserve” and “Warrants reserve” accounts.

Cumulative Translation differences

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.

Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2012 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

- IFRS 9 Financial Instruments
- IFRS 7 (Amendment) Financial Instruments: Disclosure
- IAS 12 (Amendment) Income Taxes
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities

- IFRS 13 Fair Value Measurement
- IAS 27 (Amendment) Separate Financial Statements
- 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