

# COPPER REEF MINING CORPORATION

## Management Discussion and Analysis For the Year Ended November 30, 2010

Date Submitted: March 30, 2011

### 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 21, 2011 constitutes management's view of the factors that affected the Company's financial and operating performance for the year ended November 30, 2010. This discussion should be read in conjunction with the audited financial statements and related notes of the Company for the year ended November 30, 2010. 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 30th of that year, and all references to a quarter refer to the quarter ended on November 30, 2010 of that year. Additional information related to the Company is available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

### Forward-Looking Statements

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

### Structure and Business Description

#### Name and Incorporation

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

#### The Company

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

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

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

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

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

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

These claims lie approximately 200 metres north of the Callinan orebody and one kilometre north of the Triple Seven orebody which are presently being mined. The property contains the same geological units as the mine stratigraphy. Copper Reef is planning deep-penetrating geophysical surveys to be followed immediately by drilling this fall and winter. Only one hole has ever been drilled into the property and that hole was shut down prior to

*Sherlynn Mining Lease*

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

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

*Counsell lake property*

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

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

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

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

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

#### *Radar property*

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

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

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

#### *Cook Lake Property*

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

##### *Cook Lake property*

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

##### *Irene claim*

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

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

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

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

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

Earlier this year, Copper Reef Mining Corp. has entered into an agreement by which it has settled the terms on which it will acquire all of the issued and outstanding shares the private mineral exploration company, Harricana River Mining Corp., based in Val d'Or, Que. The closing date of this transaction, subject to due diligence and certain other conditions being satisfied, was to be in April, 2010. Under the terms proposed in the letter of intent, Copper Reef will issue 22,121,071 common shares on a one-for-one basis in exchange for the holders of the issued and outstanding shares of Harricana. In addition, the holder of the shares of Harricana will be issued one-half of one warrant, with a one-year expiry, which may, if exercised at \$0.30 per one whole warrant, result in an additional 11,060,535 shares of Copper Reef to be issued.

Copper Reef would, through this acquisition, acquire \$3.25-million to \$4.1-million in cash, securities and other liquid assets in addition to 154 claims in the Val d'Or camp and 11 claims in the Windfall Lake area all located in the province of Quebec. This deal was never closed because the management of Harricana wished to replace most of the Management and Directors of Copper Reef without a share holder's vote.

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

### **Results of Operations**

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

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

### Selected Annual Information

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

	2010	2009	2008
	\$	\$	\$
Income(Loss) for the year	921,522	(365,701)	(309,575)
Income(Loss) per common share, basic and diluted	0.01/0.01	(0.01/0.01)	(0.01/0.01)
Weighted average number of common shares	67,280,768	37,462,604	33,576,963
<b>Balance Sheet Data</b>			
Working Capital/(Deficiency)	4,545,593	573,037	369,394
Total assets	10,371,572	6,410,744	5,650,187

### 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 November 30, 2010:

	Q4 Nov. 30 2010	Q3 Aug 31 2010	Q2 May 31 2010	Q1 Feb. 28 2010	Q4 Nov. 30 2009	Q3 Aug 31 2009	Q2 May 31 2009	Q1 Feb. 28 2009
Net Revenues	2,195,578	0	0	0	92	0	0	1634
Net income (loss) for the period	1,286,159	153,499	(386,137)	(131,999)	(38,430)	(102,570)	(111,233)	(113,468)
Net Income (Loss) per Share, Basic & Diluted	0.016	0.002	(0.006)	(0.002)	(0.001)	(0.003)	(0.003)	(0.003)
Number of shares outstanding	79,453,590	73,508,590	73,363,590	60,173,590	56,953,590	36,133,590	36,133,590	36,133,590

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

## **Financings**

In December 2009 the Company issued 2,720,000 flow-through common shares at \$0.25 per share for gross proceeds of \$680,000 and 500,000 non-flow-through common shares at \$0.25 per share for gross proceeds of \$125,000. A director of the Company and a family member of an officer of the Company subscribed a total of 320,000 flow-through common shares for gross proceeds of \$80,000.

In March 2010 the Company issued 375,000 flow-through common shares for gross proceeds of \$75,000.

In May 2010 the Company issued 2,150,000 flow-through common shares at \$0.07 per share for gross proceeds of \$150,500 and 10,810,000 non-flow-through common shares at \$0.05 per share for gross proceeds of \$540,500. The Company's directors and officers and their family members subscribed for an aggregate of 1,145,000 flow-through shares for gross proceeds of \$80,150 and 400,000 non-flow-through shares for gross proceeds of \$20,000.

In October 2010 the Company issued 2,925,000 flow-through units at \$0.12 for gross proceeds of \$351,000 and 20,000 non-flow-through units at \$0.010 for gross proceeds of \$2,000. Each unit consists of one common share of the Company and one common share purchase warrant. The Company's directors, officers and their related parties purchased 950,000 flow-through units for gross proceeds of \$114,000.

In October 2010 the Company issued 3,000,000 shares for mineral claims.

## **PROJECT UPDATE AND FUTURE PLANS**

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

## **Gold Rock**

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

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

## **Mink Narrows**

In the Main Flin Flon Camp on the Mink Narrows Property, Copper Reef has completed the first phase of drilling on and near the Copper Reef Deposit; a Cu and Ag deposit with a historic inferred resources of 503,434 tons of 1.5% Cu and 0.5% Zn. These historical resources do not conform to NI-43-101. No work was carried out on this

property in 2010. Copper Reef drilled one hole in the Mystic Creek area into a large magnetic anomaly along the the Copper Reef horizon 8 km to the north west. This magnetic anomaly was not caused by massive sulphides or any economic mineralization.

## **McIlvenna**

### **Drilling 2007-2008**

In the Hanson Lake Camp it owns 25% of the McIlvenna Bay deposit which is one of Canada's largest underdeveloped Zinc and Copper resources with: 6,671,000 indicated tonnes at 0.87% Cu, 6.51% Zn, and 26.0 AG(g/t) 6,000,000 inferred tonnes at 0.83% Cu, 5.89% Zn, and 24.8% Ag (g/t) on a 12,950 Ha property.

Copper Reef has funded its portion of a nine-hole infill diamond drilling program of which Foran was the operator to upgrade the mineral resources from inferred to indicated and to trace their extension down plunge to the northwest. The drill hole Program began in September 2007 and was completed in June, 2008. Only six holes were completed. The program missed on 4 holes, two intersected mineralization, one was abandoned and two were not drilled. No work was carried out in 2009 under the Joint Venture Agreement.

## **Hanson Lake**

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

## **Smelter Claims**

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

## **Airborne Surveys**

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

## **Albert's Lake Gold Zone**

Copper Reef has decided to fund a drill program on its 100% owned Albert's Lake Property Group in the main Flin Flon Camp. The property contains numerous gold zones the most noteworthy being the Albert's Lake deposit with a non 43-101 resource of roughly 400.000 tonnes of 6.5g/t reported by Granges Inc.. The zone is wide up to 9 m with grades of over 10 g/t. Copper Reef plans to twin three of the better old holes with large diameter core to see if we can offset the nugget effect of coarse gold with more sample. The hope is that it will increase the grade. If this is successful it will be followed by an aggressive drill program as the deposit is open to the north and south.

## **Liquidity and Capital Resources**

As at November 30, 2010, the Company had working capital of \$4,545,593, as compared to working capital of \$573,037 as at November 30, 2009. The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing. There can be no assurance that the Corporation will be able to obtain sufficient capital in the case of operating cash deficits.

## **Results of Operations for the Quarter ended November 30, 2010**

For the year ended November 30, 2010, travel and promotion increased by \$7,290 from \$21,009 to \$28,300 - due to increased travel to conferences and meetings. Consulting fees decreased by \$44,516 to \$38,608 due to utilizing in-house personnel. Professional fees increased by \$133,983 to \$210,536 (2009 - \$76,553) due to increased volumes and transactions involving share sales and mineral property purchases and sales.. Office and general expenses increased by \$34,684 to \$78,944 (2009 - \$44,260) due to increased volumes. Director fees for services decreased by \$16,000 to \$5,000 (2009 - \$21,000) as the Board reduced compensation to directors for the services they have provided- and replaced same with stock-based compensation of \$220,600 (2009 - nil) on the issue of stock options. Wages and management fees decreased by \$28,538 to \$246,154 (2009 - \$274,692) due to a one-time payment in 2009 for past services provided a corporation controlled by a director of the corporation.

For the quarter ended November 30, 2010 advertising and promotion increased by \$1,693 to \$4,993 (2009 - \$3,300) related to increased activity. Professional fees increased by \$41,708 to \$99,068 (2009 - \$57,360) due to transactions involving share issues and sales and mineral property sales and purchases. Directors fees of \$5,000 were incurred, a reduction of \$16,000 (2009 - \$21,000) while stock based wages of \$220,600 (2009 - nil) resulted from the issue of stock options to officers and directors..

## **Off-Balance Sheet Arrangements**

As at November 30, 2010, the Company has no off-balance sheet arrangements.

## **Critical Accounting Estimates**

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

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

There were no changes in accounting policies during the year ended November 30, 2010.

We are working to put in place planned practices which allow us to transition to IFRS in these areas:-

- Accounting Policies;
- Internal Controls over financial reporting (ICFR);
- Disclosure Controls and procedures (DC&P);
- Financial Reporting Expertise;
- Training of Directors, Officers and Employees in various aspects of IFRS;
- Risk Management with regard to Contracts, Financial Instruments and Capital requirements;
- Computer systems and data technology and security.

The Company has been in discussions with specialist companies in the above areas and anticipates making a clean transition to the IFRS regime in advance of the deadline.



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

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

## **Financial Instruments**

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

## **Fair value**

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

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

## **Commodity price risk**

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

## **RELATED PARTY TRANSACTIONS**

During the year ended November 30, 2010, the Company paid management fees and related expenses of \$41,500 (2009 - \$79,940) to a corporation controlled by a director of the Company. Included in accounts payable and accrued liabilities is \$nil (2009 - \$50,000) owing to this corporation. This balance was unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended November 30, 2010, M'Ore Exploration Services Ltd. ("M'Ore"), a corporation controlled by a former director who is also an officer and significant shareholder of the company, was paid the gross sum of \$648,674 (2009 - \$494,198) of which \$351,128 (2009 - \$262,361) was to reimburse it for exploration expenditures it incurred on the Company's behalf. Of this, \$87,178 (2009 - \$50,100) was included in accounts payable. The company also repaid \$50,706 reflected as 'Due to Shareholder' to M'Ore during the year.

The Company also incurred \$5,000 (2009 - \$21,000) for director's services of which \$nil (2009 - \$17,000) was payable as at November 30, 2010..

During the year ended November 30, 2010, the Company paid administrative fees of \$30,000 (2009 - \$33,105) to a corporation controlled by an officer of the Company of which \$2,800 (2009 - Nil) was included in accounts payable and accrued liabilities as at November 30, 2010 (2009 - \$nil). This balance is unsecured, non-interest bearing with no fixed terms of repayment.

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

## **RISK FACTORS**

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

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

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

## **Subsequent Events**

In December, 2010 the Company issued 750,000 flow-through units at \$0.12 per unit and 1,000,000 units at \$0.10 per unit for aggregate gross proceeds of \$190,000. Each flow-through unit consists of one flow-through share and one warrant and each unit consists of one common share and one warrant. Each warrant is exercisable into one additional common share at \$0.20 per share until December 2, 2011.

In February, 2011, the Company issued 7,000,000 units at \$0.15 per unit (\$0.149 flow-through) for gross proceeds of \$1,050,000. Each unit consists of one common share and one warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.15 per share until August 1, 2011.

In March, 2011, the Company issued 1,721,044 units at \$0.18 per unit for gross proceeds of \$309,788. Each unit consists of one common share and one warrant entitling the holder to acquire one common share of the Company at a price of \$0.33 per Common share until March 1, 2012. The company also issued 4,800,000 super flow-through units for Manitoba residents at \$0.25 per unit for gross proceeds of \$1,200,000 and 2,830,000 regular flow-through units at \$0.21 per unit for gross proceeds of \$594,300. Each of these flow-through units consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.33 per Common share until March 1, 2012.