

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 15, 2013 constitutes management's view of the factors that affected the Company's financial and operating performance for the nine months ended August 31, 2013 and subsequent period ended . This discussion should be read in conjunction with the audited financial statements and related notes of the Company for the nine months ended August 31, 2013. 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 Quarter refer to the nine months ended on November 30 of that Quarter. 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.

CORPORATE DEVELOPMENTS

- On September 16, 2013, the Company announced the appointment of Mr. James Pickell to its Board of Directors.

Mr. Pickell is a professional geoscientist and President of Orca Geosciences Ltd., which provides technical consulting services to major, mid-tier, and junior mining companies. He has over 35 years of exploration and mining experience, primarily with Anglo American, PLC internationally, including Canada, Brazil, Sweden, Finland, Norway, Mexico, Alaska, continental USA, Namibia, Spain and Portugal, as well as with Hudson Bay Exploration and Development Co. Ltd. in the Flin Flon-Snow Lake, Greenstone Belt of Manitoba and Saskatchewan. Mr. Pickell initiated and directed the work responsible for the discovery of several economic and near economic volcanogenic massive sulphide (VMS) and magmatic nickel, copper and platinum group metals deposits within and adjacent to Flin Flon and the Cape Smith (Raglan) Belt in Northern Quebec. He is associated with at least four significant mine discoveries in the Flin Flon Belt, including the large Triple Seven (777) Mine, Konuto Lake Mine, Callinan North VMS Deposits, and Namew Lake Ni-Cu-PGE Mine.

Mr. Pickell is a recipient of the prestigious PDAC Bill Dennis Prospector of the Year Award (2000) for the discovery of VMS deposits in the Flin Flon-Snow Lake Greenstone Belt. He is also currently a senior geological consultant and director for Chieftain Metals Corp. (CFB: TSX).

The Company coincidentally announced the resignation of Greg Campbell who resigned for personal reasons but has agreed to remain on the Company's advisory board.

- On September 27, 2013, 1,000,000 share purchase options were granted to a director. The options are exercisable at \$0.10 per share and expire September 26, 2018. A fair value of \$30,000 is ascribed to these options.
- On October 4, 2013, the Company announced a non-brokered private placement financing of Flow Through Shares and Class A Units (as defined herein) at a price of \$0.05 per Class A Unit and \$0.05 per Flow Through Share, for aggregate gross proceeds of up to \$500,000 (the "Offering"). The Issuer will determine the number of Class A Units and Flow Through Shares comprising this Offering.

The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals. All securities to be issued under the Offering will be subject to a four-month statutory hold period in Canada.

The Class A Units shall consist of, and separate immediately upon closing, into one common share of the Issuer (a "Common Share") and one whole Warrant. Each whole Warrant shall be exercisable at Ten Cents per share (\$0.10/share) and entitle the holder to purchase one Common Share. The warrants will be exercisable for two years from date of issue.

The Flow Through Shares shall consist of one Common, Flow Through Share of the Issuer, (the "Flow Through Shares") within the meaning of the Income Tax Act (Canada).

EVALUATION & EXPLORATION ASSETS

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

The Company, with a specific focus on mineral properties in Northwest Manitoba and Northeast Saskatchewan, Canada has the second largest land position in the main Flin Flon Camp of Manitoba next to Hudson Bay Minerals. It also has significant holdings in the Snow Lake- Reed Lake Camp, and in the Sheridan Camp and the Hanson Lake Camp in Saskatchewan. The company has two large properties in the Lynn Lake Greenstone Belt of Manitoba. All of the Company's properties are currently at the exploration stage and all are 100% owned subject only to two small net smelter returns royalties on individual properties.

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

During the Quarter, the Company incurred \$30,284 in capitalised mineral exploration expenditures, virtually all of which were on the Otter Lake property and consisted of field personnel and expenses.

BURN PROPERTY

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

MINK NARROWS GROUP

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

During the Quarter, work was limited to maintenance on the property.

GOLD ROCK GROUP

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

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

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

During the Quarter, work was limited to maintenance on the property.

SMELTER GROUP

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

During the Quarter, work was limited to maintenance on the property.

HANSON LAKE PROPERTY

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

During the Quarter, work was limited to maintenance on the property.

ALBERTS GROUP

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

During the Quarter, work consisted of an evaluation as is required in designing a work programme for permitting and an application for provincial mineral assistance. This work is also intended to assist with promotional materials as part of the Company's on-going, management directed investor relations work. In addition a considerable amount of Alberts old drill core was retrieved from a premise as requested by the new owner of that premise and stored at the Copper Reef core yard.

MORGAN GROUP

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

During the Quarter, work was limited to maintenance on the property.

KISSISSING GROUP

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

A total of \$84,678 in credits in excess of required work commitments have been filed against the property to offset the annual requirement is \$43,693. In order to conserve credits and key claims less important claims will be allowed to lapse so annual requirement will be reduced to approximately \$8,000 per year.

During the Quarter, work was limited to maintenance on the property.

HAMMELL LAKE PROPERTY

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

During the Quarter, work was limited to maintenance on the property.

OTTER LAKE GROUP

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

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

During the previous quarter, the Company completed drilling the Parres Vein ("Vein") and on June 19, 2013, announced preliminary results from the drilling programme>

A total of eight HQ sized drill holes were drilled into the vein. The intersections confirmed the high grade gold and silver nature of the veins from surface sampling. Two steeply dipping drill holes, drilled by a previous operator, had failed to intersect the vein as did two of Copper Reef's holes. We understand that this was due to a change in the dip of the vein, from steeply south to steeply north. Reported below are the assay results. True width is approximately 80-85% of width intersected. Results are summarized overleaf:

	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)
Par 13-01 – Average	17.95	20.15	2.2	0.67	2.2
Includes	17.95	18.75	0.8	1.28	3.2
Par – 13-02	Failed to intersect vein due to dip				
Par 13-03 – Average	14.30	14.85	0.55	8.92	24.3
Includes	14.56	14.85	0.29	16.7	45.2
Par 13 – 04	Failed to intersect vein due to dip				
Par 13- 05	8.94	9.59	0.65	5.50	25.0
Includes	9.39	9.59	0.20	16.91	75.5
Par 13-06 – Average	13.03	13.28	0.25	12.06	56.6
Par 13-07 – Average	8.80	9.50	0.70	4.49	29.4
Includes	9.30	9.50	0.20	15.63	102.80
Par 13-08 – Average	8.12	9.08	0.96	7.00	55.9
Includes	8.12	8.58	0.46	14.54	116.1

Discussion

A modest program was initiated last year with a prospecting and mapping survey to assess the Otter Lake Property, one of Copper Reef's three main gold properties and the least tested. This program was expanded this winter with a larger grid and with geophysical surveys along the main structures and extensions of known veins. With a modest budget this spring, the Company followed up the high grade sampling results of the Parres vein from last summer to test the vein with drilling. The Parres vein, which averaged one meter wide, true width was only mineralized along its southern sheared flank (pay zone) over a width of 0.2 to 0.75 m. Although grades were very high in gold and silver, the widths remain narrow at this particular site. Four other known gold structures exist on the property as well as a number of prospects and recently discovered showings. Presently

Copper Reef is in the middle of this summer's prospecting and mapping program to anomalies and structures outlined by this past winter's geophysical surveys.

Quality Control

The Company employs QA/QC protocol on all aspects of its analytical procedures. Core samples are sawn and one half of the HQ core is restored to the core boxes for future reference and the other half sent out for analysis. Samples of veining or mineralization are taken in approximately 50 cm intervals or less. Sample preparation and analytical work is conducted at TSL Labs in Saskatoon, Saskatchewan utilizing fire assaying with a two assay ton charge, with an AA finish. In addition, pulps of the samples are analysed using a multi-acid digest/ ICP-AES and AAS techniques for trace elements.

Commercially prepared standards representing 3 ranges of gold grades are inserted at intervals of 1 in 10 samples. A blank standard is inserted every 20 samples. Stephen Masson M.Sc., P.Geo. President of Copper Reef is the Qualified Person for the Company. He has reviewed the drill core and confirms the assay results.

OTHER PROPERTIES

During the Quarter, work was limited to maintenance on these properties.

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.

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. Net revenues shown in the Statement of Loss and Comprehensive Loss relate to Unrealized Gains/(losses) with marketable securities, and Option payments by third parties (cash and shares).

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly information for the preceding eight quarters ended August 31, 2013:

	Q3	Q2	Q1	Q4
	August 31, 2013	July 31, 2013	February 28, 2013	November 30, 2012
Operating income/(loss)	(77,005)	(140,199)	(281,000)	(383,201)
Net income (loss) for the period	(459,005)	(882,199)	(542,009)	(311,481)
Net Income/(Loss) per Share, Basic	(0.004)	(0.008)	(0.005)	(0.003)
Number of shares outstanding	110,471,300	110,471,300	109,179,633	106,721,300
	Q3	Q2	Q1	Q4
	August 31, 2012	July 31, 2012	February 28, 2012	November 30, 2011
Operating income/(loss)	(129,799)	(455,000)	865,000	(479,851)
Net income (loss) for the period	(409,799)	(595,383)	713,372	(456,423)
Net Income/(Loss) per Share, Basic	(0.004)	(0.006)	0.007	(0.005)
Number of shares outstanding	105,262,604	104,621,300	104,621,300	99,454,634

*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 THREE AND NINE MONTH PERIODS ENDED AUGUST 31:

	Three months ended August 31				Nine months ended August 31			
	2013	2012	Incr./	Incr./	2013	2012	Incr./	Incr./
			(Decr.)	(Decr.)			(Decr.)	(Decr.)
			\$'s	%			\$'s	%
Bank charges and interest	539	187	352	188.1%	1,525	736	789	107.2%
Filing fees	8,217	10,113	(1,896)	-18.7%	33,453	36,556	(3,103)	-8.5%
Management fees and salaries	6,092	13,241	(7,149)	-54.0%	29,507	42,116	(12,609)	-29.9%
Office and general	3,132	2,787	345	12.4%	15,417	11,567	3,850	33.3%
Professional fees	12,931	34,604	(21,673)	-62.6%	63,485	93,478	(29,993)	-32.1%
Rent and utilities	8,273	5,075	3,198	63.0%	35,396	21,878	13,518	61.8%
Travel and promotion	320	2,514	(2,194)	-87.3%	6,089	7,261	(1,172)	-16.1%
Generative exploration	37,054	60,642	(23,588)	-38.9%	153,224	205,310	(52,086)	-25.4%
	76,557	129,163	(52,606)	-40.7%	338,095	418,902	(80,807)	-19.3%

Overall expenditures were down 40.7% quarter-over-quarter and 19.3% year-over-year. Increases/(decreases) other than bank charges but greater than 20% are discussed below:

- Management fees continue to be reduced as the result of ongoing cost cutting measures.
- Year to date office and general were higher due to a one-time acquisition cost that ultimately did not materialize.
- Professional fees were down from 2012 when the three major royalties were renegotiated and eventually bought out.
- Rent and utilities were higher due primarily to increased utility costs.
- Travel and promotion were reduced due to cost cutting measures.
- Generative exploration was down in accordance with budget restraints.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2013, the Company had working capital of \$907,737 as compared to working capital of \$2,967,313 as at August 31, 2012. 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 15th, 2013, the Company had the following common shares, stock options and warrants outstanding:

Common shares			110,471,300
Stock options (all vested)			7,070,000
Warrants			3,750,000
Fully diluted shares outstanding			121,291,300

STOCK OPTIONS AS AT OCTOBER 15, 2013

Grant date	Number of options	Expiry Date	Weighted average exercise price \$'s	Weighted average contractual life Years	Estimated Grant Date Fair Value \$'s
Balance, December 1, 2010	3,520,000	May 25, 2015	0.10	1.6	220,600
Exercised	(200,000)		0.10		(12,500)
Granted, April, 2011	200,000	Apr 27, 2016	0.11	2.5	17,000
Granted, June, 2011	1,575,000	June 15, 2016	0.10	3.3	128,700
Balance, November 30, 2011 and 2012	5,095,000		0.10	2.9	353,800
Granted January 25, 2013	2,275,000	Jan. 24, 2018	0.10	4.3	138,775
Cancelled, August 31, 2013	(300,000)		0.10		(20,363)
Issued September 27, 2013	1,000,000	Sept. 26, 2013	0.10	4.9	30,000
Balance August 31, 2013	7,070,000		0.10	3.7	502,212

WARRANTS AS AT OCTOBER 15, 2013

The Company's warrant activity to October 15, 2013, is summarized overleaf:

	Number of Warrants	Expiry Date	Weighted average exercise price \$'s	Weighted average contractual life Years	Estimated Grant Date Fair Value \$'s
Balance, November 30, 2011	7,940,626		0.16	?	245,562
Warrants Issued	291,667	June, 2013	0.20	0.14	16,042
Expired	(7,940,626)		0.16	?	(245,562)
Balance November 30, 2013	291,667		0.20	0.14	16,042
Issued - Non Flow Through	1,000,000	Dec. 30, 2013	0.15	0.21	9,300
Issued - Flow Through	2,750,000	Jan. 1, 2014	0.15	0.21	34,100
Expired – June 9, 2013	(291,667)		(0.20)	(0.14)	(16,042)
Balance October 15, 2013	3,750,000		0.15	0.21	43,400

OFF-BALANCE SHEET ARRANGEMENTS

As at October 15, 2013, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

During the period ended August 31, 2013, the Company recorded director's fees of \$nil (2011 - \$nil).

All related party transactions are in the normal course of business and are measured at the exchange amounts established and agreed to by the related parties. These are summarized overleaf:

RELATED PARTY BALANCES

Related party	Purpose	August 31, 2013		August 31, 2012	
		Amounts charged	Accounts payable or accrued at Quarter-end	Amount Charged	Accounts payable or accrued at quarter-end
Corporation controlled by a director	Management Fees	6,000	-	10,500	-
	expenses	650	-	-	-
Corporation controlled by an officer	Filing fees	5,400	-	7,500	-
	expenses	-	-	-	-
Corporation controlled by a director	Chief Financial officer	-	-	7,500	-
Accounting firm of which an Officer of the Company is a partner	Professional fees	8,431	-	5,636	9,000
Corporation controlled by a Director and significant shareholder	Management fees, Related	24,000	-	36,000	-
	Exploration	50,567	5,279	134,140	54,238
	Office, Rent and General	9,493	-	20,842	-
		104,541	5,279	222,118	63,238

COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Consulting Agreement

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

CONTINGENCIES

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

FLOW-THROUGH EXPENDITURES

During the period ended August 31, 2013, the Company renounced Canadian exploration expenditures in the aggregate amount of \$620,000 (2012 -\$3,469,300) related to proceeds from the issuance of flow-through shares pursuant to the financings described in Note 9(b) and has incurred these qualifying Canadian exploration expenditures as at February 28th, 2013. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

During the year-to-date period ended August 31, 2013, the Company issued a flow through unit offering of 2,750,000 units at \$0.08/unit. The Company is required to incur \$220,000 in qualifying CEE expenditures by December 31, 2013 on a best efforts basis. The Company has incurred \$147,261 in capitalized expenditures and a further \$153,224 in expenditures which have been expensed.

CRITICAL ACCOUNTING ESTIMATES

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

Evaluation and exploration assets

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

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

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

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

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

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

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

Mineral exploration and evaluation expenditures are classified as intangible assets.

RISKS AND UNCERTAINTIES

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

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

1. Financial risks

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

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

The Company’s cash and cash equivalents include term deposits. The Company is not exposed to significant interest rate risk due to the short-term maturity of these monetary assets given fluctuations in market rates do not have a significant impact on estimated fair values at August 31, 2013. 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 Quarter will be through equity financings. The Company maintained sufficient cash and marketable securities at August 31, 2013 in the amount of \$882,000, in order to meet short-term business requirements. At August 31, 2013, the Company had accounts payable and accrued liabilities of \$111,120, which will be repaid within three months.

2. Going Concern

The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due. If the Company were unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

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

The Company plans to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations 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 2013 fiscal year. Management will review several funding options including equity financing and seeking joint venture partners to further its mineral property interests at the appropriate time. While the Company has been successful in raising funds in the past, there are no assurances that additional funding and/or suitable joint venture agreements will be obtained.

3. Exploration and Mining Risks

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

4. Development Risks

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

5. Loss of Interest in and Value of Properties

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

6. Financing Risks

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

7. Metal Prices

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

8. Uninsurable Risks

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

9. Environmental and Other Regulatory Requirements

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

10. No Assurance of Titles, Boundaries or Surface Rights

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

11. Permits and Licenses

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

12. Inability to Meet Cost Contribution Requirements

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

13. Reliance on Key Personnel

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

CONFLICTS OF INTEREST

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

Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2013 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

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

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

Forward Looking Statements

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

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