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**MANAGEMENT'S DISCUSSION AND  
ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

**FOR THE THREE MONTHS ENDED  
JANUARY 31, 2016**

*(Expressed in Canadian Dollars)*

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## 1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Carmax Mining Corp. (referred to as "Carmax", the "Company", "us" or "our") provides analysis of the Company's financial results for the three months ended January 31, 2016. The following information should be read in conjunction with the accompanying audited annual financial statements for the year ended October 31, 2015, and the notes to those financial statements, prepared in accordance with IAS 34 under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Please also refer to the tables starting on page 10 of this MD&A which compares certain financial results for the three months ended January 31, 2016 and January 31, 2015. Financial information contained herein is expressed in Canadian dollars, unless stated otherwise. All information in this MD&A is current as of March 29, 2016 unless otherwise indicated. This MD&A is intended to supplement and complement Carmax's unaudited condensed interim financial statements for the three months ended January 31, 2016 and the notes thereto. Readers are cautioned that this MD&A contains "forward-looking statements" and that actual events may vary from management's expectations. Readers are encouraged to read the cautionary note contained herein regarding such forward-looking statements. This MD&A was reviewed, approved and authorized for issue by the Company's Audit Committee, on behalf of our Board of Directors, on March 29, 2016.

### Description of Business

Carmax is a public company incorporated in British Columbia, under the "Canadian Business Corporation Act" and its common shares are listed on the TSX Venture Exchange (the "TSX-V"), trading under the symbol "CXM.V". The Company maintains its head office at #217-179 Davie Street, Vancouver, British Columbia, Canada, V6Z 2Y1.

The Company is in the exploration stage and its principal business activity is the exploration and development of a copper property in British Columbia. The Company is focused on exploring and developing its core Eaglehead project, in the Liard Mining Division in the Province of British Columbia, Canada.

On January 31, 2016 and March 29, 2016, the Company had (i) 101,742,526 common shares issued and outstanding; (ii) 44,226,528 common share purchase warrants to acquire common shares outstanding and (iii) 5,250,000 options to acquire common shares outstanding.

#### Head Office

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Vancouver, BC V6Z 2X7  
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#### Share Information

Our common shares are listed for trading on the TSX-V under the symbol "CXM.V".

#### Investor Information

Financial reports, news releases and corporate information can be accessed on our website at [www.carmaxmining.com](http://www.carmaxmining.com) and on SEDAR at [www.sedar.com](http://www.sedar.com)

#### Registered Office

217-179 Davie Street  
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Canada  
Tel: +1-604-669-3233

#### Transfer Agent and Registrar

Computershare Investor Services Inc.  
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## CARMAX MINING CORP.

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As at the date of this MD&A, Carmax Mining's directors and officers are as follows:

### Directors

Elmer Stewart (Chairman)  
Jevin Werbes  
Jeff Poloni  
Chris Healey  
Hrayr Agnerian  
J. Michael Smith

### Officers and Position

Jevin Werbes, President and Chief Executive Officer  
Braden Jensen, Chief Financial Officer  
Jeff Poloni, Vice President of Exploration  
Judy A. McCall, Corporate Secretary

### Audit Committee

J. Michael Smith (Chairman)  
Elmer Stewart  
Chris Healey

### Compensation Committee

Jeff Poloni  
J. Michael Smith  
Chris Healey

## Qualified Person

Mr. Chris Healey, P.Geo., Director of the Company, is the qualified person as defined under NI 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") who has reviewed and approved all technical and scientific disclosure contained in this MD&A regarding the Company's mineral properties.

## 2. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable and prepared in accordance with IFRS. The Company's Board follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee meets with management and the Company's external auditor to review the financial statements and the MD&A, and to discuss other financial, operating and internal control matters.

During the three months ended January 31, 2016, no significant changes have occurred that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore even those systems determined to be effective can provide only reasonable assurance with respect to financial preparation and presentation.

## 3. DISCLOSURE CONTROLS AND PROCEDURES

The Company's management is also responsible for the design and effectiveness of disclosure controls and procedures that are designed to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management, including the Chief Executive Officer and the Chief Financial Officer of the Company, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at January 31, 2016. There have been no changes in the Company's disclosure controls and procedures during the three months ended January 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's disclosure controls and

procedures. Based on this evaluation, management has concluded that the Company's disclosure controls and procedures were effective as at January 31, 2016.

#### **4. FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute "forward-looking statements" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. **Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.**

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities. Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve a number of 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 such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements in light of the risk factors set forth below and as further detailed in the "*Risks and Uncertainties*" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects; the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of minerals, operating parameters and costs, receiving project permits and approvals, successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations; risks of litigation and other risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to

the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

## **5. THREE MONTHS ENDED JANUARY 31, 2016 HIGHLIGHTS AND SIGNIFICANT EVENTS**

- The Company closed a non-brokered private placement, announced in the Company's December 21, 2015 news release (the "**Offering**"), raising gross proceeds of \$1,500,000 in flow-through funds from the issuance of 30,000,000 flow-through shares at a price of \$0.05 per share. The placement was made in its entirety to Northern Fox. At the closing of the Offering, Northern Fox's equity interest in Carmax increased to 65.4% of the outstanding shares, 68.2% on a fully diluted basis. The shares issued under the Offering are subject to a hold period expiring May 13, 2016.

## **6. PROPERTY SUMMARY**

### **Eaglehead Property**

The Eaglehead copper-molybdenum-gold-silver property is located in northern British Columbia, approximately 40 kilometers east of Dease Lake.

In 2012, Roscoe Postle Associates Inc. ("**RPA**") prepared a NI 43-101 Technical Report on the Eaglehead property which included a current Mineral Resources estimate on the East and Bornite zones of mineralization located within the property. The Technical Report prepared by B. Donough, P. Geo. And D. Rennie, P. Eng. as Qualified Persons was filed on SEDAR on June 29, 2012 (see news release dated July 4, 2012). The Inferred Mineral Resource estimate totals 102.5 million tonnes at an average grade of 0.29% Cu, 0.010% Mo, and 0.08 g/t Au. The resources were estimated at a cut-off grade of 0.16% copper equivalent ("**CuEq**") and contain approximately 662 million pounds copper, 22 million pounds molybdenum, and 265,000 ounces gold.

For the fiscal year ended 2014, Carmax spent \$1,188,455 on the Eaglehead project and completed: i) re-logging of selected historical drill core from each of the previously located zones of mineralization, ii) airborne and ground geophysical (Titan-24 DCIP) surveys, iii) recovery of the historical drill core, collection and iv) processing of samples for preliminary metallurgical test work, and a four-hole (2,229 m) diamond drilling program to test the interpreted correlation between the chargeability results from the Titan 24 DCIP survey and copper mineralization.

Weighted average grade for the mineralized intervals intersected by the 2014 diamond drilling program were reported in a news releases dated October 14, 2014 and November 18, 2014.

Compilation and interpretation of the 2014 work and historical data yielded the following conclusions:

- a) A 6,000 m long chargeability anomaly has been defined and is open to the northwest towards the West Zone and to the southeast toward the Far East zone. This anomaly averages 900 m wide and is open below a depth of 500 m,
- b) The Far East zone is located approximately 3,000 m southeast from the end of the chargeability anomaly and exhibits a 1,000 m by 1,000 m copper and molybdenum in soil anomaly and contains numerous mineralized drill holes,
- c) A positive correlation exists between the chargeability signature and copper mineralization,

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- d) Re-logging of selected diamond drill cores from the six mineralized zones previously outlined on the property suggests that the Eaglehead property hosts a 9,000 m long porphyry copper system, and
- e) Mineralized drill holes (120 historical and current) occur over 5,000 m of the 6,000 m long chargeability anomaly.

The data and the surveys completed on the Eaglehead project indicate that this project has the potential to be a very large, copper-gold-molybdenum-silver deposit. Additional geophysical surveys and diamond drilling is required to demonstrate the mineral potential of this property.

For the fiscal year ended 2015, Carmax spent a total of \$797,544 on the Eaglehead project. The 2015 program focused on the Pass Zone and consisted of i) re-logging available historical drill holes, ii) sampling and re-sampling of the historical drill holes and iii) two diamond drill holes (1,184.5 metres).

The primary objectives of the 2015 exploration program were:

1. To integrate all available historical drill data into the project database using logging standards to construct a lithological, alteration sulphide species and structural model for the Eaglehead projectand.
2. Two diamond drill holes (1,184.5 metres) were completed to test the chargeability signature outlined in the Pass zone by the Quantec Titan-24 DCIP survey.

Results of the preliminary metallurgical test work completed by SGS Mineral Services ("SGS") were received in March 2015. Highlights of the test work are:

Samples representing three copper grade classes (0.11%, 0.23% and 0.40%) and a master composite (0.26% copper) were subjected to characterization and open circuit flotation test work to determine potential metal recoveries: The metal content of the samples prepared for the test work is listed below:

<b>Sample ID</b>	<b>Copper (%)</b>	<b>Gold (g/t)</b>	<b>Molybdenum (%)</b>	<b>Silver (g/t)</b>
Master Composite	0.26	0.10	0.012	0.80
Composite - 1	0.11	0.03	<0.001	0.31
Composite - 2	0.23	0.11	0.009	0.80
Composite - 3	0.40	0.15	0.026	1.30

All copper is present as copper sulphides, primarily as chalcopyrite and bornite. In the master composite copper sulphide liberation averaged 78% and copper sulphide exposure averaged 91% with very little (<0.2%) pyrite in the composite samples.

Test work produced an initial rougher concentrate sample followed by a first, second and third cleaner concentrate samples.

Rougher kinetic tests achieved copper recoveries of 92.3% to 97.6% in all tests, as shown in the following table:

<b>Flotation Testing</b>		
<b>Sample ID</b>	<b>Rougher Concentrate</b>	
	<b>% Cu</b>	<b>% Cu recovery</b>
Master Composite	2.56 - 6.42	92.6 - 96.2
Composite 1	1.88 - 2.78	89.8 - 94.1
Composite 2	4.08 - 4.57	92.3 - 94.0
Composite 3	7.72 - 8.47	95.5 - 97.6

Copper recoveries in the third cleaner concentrate ranged from 77.1% to 92.7% with corresponding copper concentrate grades of between 21.1% and 37.9%,

<b>Flotation testing</b>		
<b>Sample ID</b>	<b>2nd Cleaner Concentrate</b>	
	<b>% Cu</b>	<b>% Cu recovery</b>
Master Composite	24.5 - 33.1	82.8 - 89.0
Composite 1	19.4	82.2
Composite 2	34.4	84.0
Composite 3	32.0	94.5

<b>Flotation testing</b>		
<b>Sample ID</b>	<b>3rd Cleaner Concentrate</b>	
	<b>% Cu</b>	<b>% Cu recovery</b>
Master Composite	27.8 - 35.8	80.4 - 88.0
Composite 1	21.1	77.1
Composite 2	37.9	79.1
Composite 3	33.9	92.7

- The potential metal content of the third cleaner concentrate are 11.8 g/t gold, 96 g/t silver and 0.816% molybdenum with low concentrations of arsenic, selenium, rhenium and tin,
- Other metal recoveries in the third cleaner concentrate ranged from 65-87% for gold, 71-80% for silver and 17-55% for molybdenum, and
- Tests to upgrade molybdenum recovery in a separate molybdenum cleaner circuit were not completed.

## **2015 Exploration Program**

Weighted average grade for the sampled and re-sampled intervals in the historical drill holes and the mineralized intervals in the 2015 diamond drilling program were reported in a news releases dated October 7, 2015 and December 7, 2015.



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A total of 10 historical diamond drill holes from the Pass zone was re-logged in 2015. This information has been incorporated into the project data base.

Compilation and interpretation of the 2015 work yielded the following conclusions:

- a) The mineralization in the Pass Zone is interpreted to be an extension of the mineralization in the East zone and Bornite zone located approximately 1.5 kilometres to the East of the pass zone,
- b) Significant copper mineralization has been outlined over a 1,000m strike length of the Pass zone,
- c) The surface mineralization in the Pass zone is Cu-dominated which overlies Cu-Mo-Au mineralization at depth,
- d) The copper mineralization occurs as chalcopyrite +/- bornite hosted in fractures, veinlets and as disseminations in moderate to strong potassic and phyllic altered biotite granodiorite, hornblende quartz diorite and Quartz Feldspar porphyry dikes,
- e) Molybdenite occurs in late quartz veinlets and quartz veins, and
- f) Intervals of higher grade copper mineralization are characterized by late stage intense potassic alteration and bornite.

Compilation of the work completed in 2014 and 2015 on the Eaglehead project suggests:

- a) that three phases of mineralization are present on the Eaglehead project. The first phase is copper-silver mineralization followed by a later phase of pervasive copper-gold-molybdenite-silver mineralization at depth. The third and more restricted phase is structurally controlled copper-gold-molybdenite-silver mineralization associated with strong potassic alteration and is interpreted to represent leakage from a deep seated source, and
- b) That the East Zone, Bornite zone and Pass zone should be referred to collectively as the Eaglehead deposit.

**2016 Exploration Program:**

For the three months ended January 31, 2016, the Company incurred \$68,639 in exploration expenditures on the Eaglehead project.

Carmax has announced a 2 phase exploration program for the Eaglehead project , including but not limited to:

**Phase 1:**

- a) Additional preliminary metallurgical testing to obtain better recovery curves for copper-molybdenum-gold-silver,
- b) Bond and Abrasion testing of the various mineralized rock types in the Eaglehead deposit to gain an understanding on power requirements and grinding component consumption on a per tonne basis,

- c) Re-analysis of existing sample pulps from previous diamond drill holes to insure that all samples have similar sample digestions and analytical analysis. This work also has the objective of having the silver content of the Eaglehead deposit included in the next resource estimate, and
- d) Geophysical studies to determine chargeability and resistivity on selected samples of mineralized and non-mineralized lithologies from the Eaglehead project to better constrain the 2014 Titan 24 chargeability and resistivity signature in advance of commencing the 2016 diamond drilling program.

**Phase 2:**

- a) Diamond drill testing as well as re-logging, sampling and/or re-sampling of historical drill core from that area of the Eaglehead deposit referred to as the East zone and the Bornite zone,
- b) Surface mapping to investigate the strong chargeability signature in that portion of the property where limestone is in contact with intrusive rocks for copper skarn style mineralization, and
- c) Prospecting the eastern portion of the project to further investigate reported copper and copper-molybdenum showing located outside the Eaglehead deposit.

**7. SUMMARY OF QUARTERLY RESULTS**

The quarterly results are as follows:

	31-Jan-16 3 month ended	31-Oct-15 3 month ended	31-Jul-15 3 month ended	30-Apr-15 3 month ended
Loss before non-operating items and taxes	\$ (82,847)	\$ (97,662)	\$ (94,806)	\$ (116,206)
Loss before income taxes	(82,847)	(95,496)	(94,420)	(115,903)
Net Loss per common share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Comprehensive loss	(82,289)	(67,996)	(94,420)	(115,903)
Net Comprehensive loss per common share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

	31-Jan-15 3 month ended	31-Oct-14 3 month ended	31-Jul-14 3 month ended	30-Apr-14 3 month ended
Loss before non-operating items and taxes	\$ (112,533)	\$ (161,209)	\$ (326,624)	\$ (66,493)
Loss before income taxes	(111,666)	(160,051)	(802,506)	(61,269)
Net Loss per common share, basic and diluted	(0.00)	(0.00)	(0.02)	(0.00)
Comprehensive loss	(111,666)	(161,051)	(804,506)	(57,269)
Net Comprehensive loss per common share, basic and diluted	(0.00)	(0.00)	(0.02)	(0.00)

The Company's quarterly operating expenses decreased in Q1 2016 compared to Q4 2015. The decrease in loss between Q1 2016 and Q4 2015 is due to the decrease in shareholder communications and professional fees.

**8. DISCUSSION OF OPERATIONS**

All of the information described below is accounted for in accordance with IFRS, as issued by IASB. The reader is encouraged to refer to Note 3 of the Company's audited annual financial statements for the year ended October 31, 2015 for Carmax Mining's summary of significant accounting policies.

**Three Months Ended January 31, 2016 Compared to Three Months Ended January 31, 2015**

For the three months ended January 31, 2016, the Company recorded a comprehensive loss of \$82,289 or \$0.00 per share compared to a comprehensive loss of \$111,666 or \$0.00 per share in the comparable quarter of the prior period of the three months ended January 31, 2015. The overall decrease in comprehensive loss of \$29,377 is due primarily to the decrease in professional fees and shareholder communications expenses in the current period compared to the previous comparable period.

	<b>Three Months Ended January 31, 2016</b>	<b>Three Months Ended January 31, 2015</b>	<b>Discussion</b>
<b>Accretion</b>	\$141	\$141	Accretion remained unchanged.
<b>Consulting</b>	\$44,950	\$19,250	Consulting increased by \$25,700 due to a reclassification of management fees to consulting fees.
<b>Director Fees</b>	\$4,500	\$Nil	The \$4,500 increase in director fees is due to the fact that there were no director fees paid during the three months ended January 31, 2015.
<b>Insurance</b>	\$4,575	\$4,092	Insurance expense remained relatively unchanged.
<b>Management Fees</b>	\$Nil	\$24,000	The decrease of \$24,000 in management fees is due to a reclassification of management fees to consulting fees.
<b>Office</b>	\$4,839	\$11,220	The decrease of \$6,381 in office expenses compared to the prior comparable period is due to a reclassification of expenses between office and travel.
<b>Professional Fees</b>	\$4,270	\$18,881	Professional fees decreased by \$14,611 due to an accrued liabilities allocation.
<b>Promotion and Entertainment</b>	\$2,864	\$4,065	Promotion and entertainment decreased by \$1,201 due to less investor development.
<b>Rent</b>	\$3,750	\$6,900	The decrease of \$3,150 in rent is due to the Company moving to a new office after Q1 2015, where the new office has a lower monthly rate.
<b>Share-Based Compensation</b>	\$Nil	\$5,000	The decrease of \$5,000 in share-based compensation compared to the previous comparable period is due to there being no options that vested in

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	Three Months Ended January 31, 2016	Three Months Ended January 31, 2015	Discussion
			Q1 2016.
<b>Shareholder Communications</b>	\$1,514	\$17,462	The decrease of \$15,948 in shareholder communications is due the Company decreasing its investor relations marketing.
<b>Transfer Agent and Regulatory Fees</b>	\$9,085	\$547	Transfer agent and regulatory fees increased by \$8,538 in the current period due to the flow-through private placement fee incurred in January 2016.
<b>Travel</b>	\$2,359	\$975	The increase in travel expenses of \$1,384 is due a trade show visit in Q1 2016.
<i>Non-Operating Income</i>			
<b>Interest income</b>	\$558	\$867	Interest income remained relatively unchanged.

## 9. LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

As an exploration company, Carmax has no regular cash in-flow from operations, and the level of operations is principally a function of availability of capital resources. To date, the principal source of funding has been equity financing.

As at January 31, 2016, the Company had a cash balance of \$1,630,633 (October 31, 2015 - \$512,829). For the foreseeable future, as existing properties are explored and developed, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt, of which the Company currently has none.

Major expenditures are required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration and development mineral properties are dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete exploration, development and future profitable production or proceeds from disposition of mineral assets.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount or written off.

Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

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Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favorable terms for these or other purposes including general working capital purposes. Carmax Mining's unaudited interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should Carmax be unable to continue as a going concern.

**Working Capital**

As at January 31, 2016, Carmax had working capital of \$1,570,081 (October 31, 2015 – \$229,006). The working capital increased from October 31, 2015 to January 31, 2016 due to the January 2016 Northern Fox flow-through financing, offset by the continued operating expenditures incurred by the Company. The Company has managed its working capital by controlling its spending on its properties and operations. Due to the on-going planned exploration advancement of our Eaglehead project over the near term, Carmax intends to continue to incur expenditures without revenues, and accumulate operating losses. Therefore, our continuance as a going concern is dependent upon our ability to obtain adequate financing to fund future exploration and development and the potential construction of a mine, in order to reach profitable levels of operation. It is not possible to predict whether future financing efforts will be successful or whether financing on favorable terms will be available.

Carmax has no long-term debt and no long-term liabilities, other than its decommissioning provision of \$35,608 and a promissory note owing to Copper Fox in the amount of \$100,000. The Company has no capital lease obligations, operating or any other long term obligations, other than its monthly office rent of \$1,250.

**Cash Flow Highlights**

	<b>Three Months Ended January 31, 2016</b>	Three Months Ended January 31, 2015
Cash Used in Operating Activities	\$ (57,782)	\$ (104,195)
Cash Used in/(Provided by) Investing Activities	(316,276)	105,089
Cash Provided by Financing Activities	1,491,862	222,950
Increase in Cash for the Period	1,117,804	223,844
Cash, Beginning of Period	512,829	75,656
<b>Cash, End of Period</b>	<b>\$ 1,630,633</b>	<b>\$ 299,500</b>

**Cash Flow Details For The Three Months Ended January 31, 2016 and January 31, 2015***Operating Activities*

Cash used in operating activities was \$57,782 in the current period compared to \$104,195 in the prior comparative period. The decrease of \$46,413 was due to a decrease in shareholder communication expenditures and professional fees.

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### *Investing Activities*

Cash used in investing activities in the current period was \$316,276, compared to cash provided by of \$105,089 in the prior comparative period. The increase of \$421,365 in cash used in investing activities was due to the change in non-cash working capital in the current periods' exploration and evaluation assets, coupled with a short term GIC redemption in the prior comparable period.

### *Financing activities*

Cash inflow from financing activities was \$1,491,862 in the current period compared to \$222,950 in the prior comparative period. The increase in cash from financing activities of \$1,268,912 was due to the gross cash received from the January 12, 2016 flow-through equity private placement from Northern Fox, compared to a smaller equity financing in the prior comparative period.

### *Capital Resources*

As of January 31, 2016, and as of the date of this MD&A, the Company had \$1,630,633 and \$1,557,082, respectively, in cash.

### *Contractual Commitments - Flow-Through Share Agreements*

In connection with the issuance of the January 12, 2016 common shares on a flow-through basis, the Company has a commitment to spend \$1,500,000 by December 31, 2016, on qualifying flow-through expenditures for its Eaglehead property. As at March 29, 2016, the Company had spent \$116,650 of the necessary amount due.

Carmax Mining'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 are 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 continue to make in the future, filings and expenditures to comply with such laws and regulations.

## **Capital Risk Management**

Carmax Mining's capital structure consists of common shares, stock options and warrants. The Company manages its capital structure and makes adjustments to it, based on available funds, in order to support the acquisition and exploration of mineral properties. The Board does not establish quantitative returns on capital criteria for management.

The property in which Carmax currently has an interest in is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out and pay for planned exploration and development along with operating administrative costs, the Company will fund such costs out of existing working capital and additional amounts raised.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended January 31, 2016. Carmax is subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term

interest-bearing investments with maturities of six (6) months or less from the original date of acquisition, all held with major Canadian financial institutions.

## 10. TRANSACTIONS WITH RELATED PARTIES

The Company closed a non-brokered private placement, announced in the Company's December 21, 2015 news release (the "**Offering**"), raising gross proceeds of \$1,500,000 in flow-through funds from the issuance of 30,000,000 flow-through shares at a price of \$0.05 per share. The placement was made in its entirety to Northern Fox. At the closing of the Offering, Northern Fox's equity interest in Carmax increased to 65.4% of the outstanding shares, 68.2% on a fully diluted basis. The shares issued under the Offering are subject to a hold period expiring May 13, 2016.

Copper Fox, as the parent of the Company, consolidates 100% of the assets and a liability related to the Company and then includes a non-ownership interest portion in their equity section.

Related party transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

At January 31, 2016, included in accounts payable and accrued liabilities is \$Nil (October 31, 2015 - (\$3,806)) owing to companies controlled by directors, \$Nil (October 31, 2015 - \$4,830) owing to Companies controlled by officers for services rendered to the Company and \$50,254 (October 31, 2015 - \$50,254) owing to Copper Fox.

In addition, for the three month period ended January 31, 2016, \$3,750 (October 31, 2015 - \$11,900) was paid in rent to companies controlled by an officer of Carmax and \$4,263 (October 31, 2015 - \$73,403) was paid and capitalized to Eaglehead for services rendered by a company controlled by a director. These amounts payable are non-interest bearing, unsecured and have no specific terms of repayment.

As at January 31, 2016 and October 31, 2015, coupled with the three months ended January 31, 2016 and January 31, 2015, the Company incurred the following capitalizations and expenditures for key management personnel and companies directly controlled by them.

	As At January 31, 2016	As At October 31, 2015
<i>Balance Sheet Items:</i>		
Exploration and evaluation assets	\$ 4,263	\$ 188,942
<b>Total</b>	<b>\$ 4,263</b>	<b>\$ 188,942</b>
	Three Months Ended January 31, 2016	Three Months Ended January 31, 2015
<i>Statement of Operations Items:</i>		
Consulting	\$ 41,200	\$ 19,250
Director fees	4,500	-
Management fees	-	24,000
Office administration	-	6,750
Professional fees	-	7,400
Rent	3,750	6,900
Share-based compensation	-	5,000
<b>Total</b>	<b>\$ 49,450</b>	<b>\$ 69,300</b>

**Promissory Note**

On October 28, 2015 Copper Fox entered into a promissory note loan (the “**Loan**”) with Carmax, whereas Copper Fox agreed to lend Carmax up to \$400,000, in minimum increments of \$50,000, for working capital purposes, as needed. Carmax shall pay interest on the principle, from the disbursement date to the due date, November 30, 2016, at a rate of 1%, compounded monthly.

At any time during the term of the Loan, Copper Fox, at its sole discretion, can convert a portion or the entire loan outstanding, including unpaid interest, into free trading shares of Carmax at a price equal to the greater of \$0.05 or the 10-day average trading price, calculated over the period after notice is given, subject to the prior approval of the exchange.

As at March 29, 2016, Copper Fox had loaned Carmax a total of \$100,000.

**11. FINANCIAL INSTRUMENTS AND RELATED RISKS**

The Board, through the Audit Committee, is responsible for identifying the principal risks facing the Company and ensuring that risk management systems are implemented. The Company manages its exposure to financial risks, including credit risk, liquidity risk, interest rate risk, foreign exchange rate risk and commodity price risk in accordance with its risk management framework. The Board reviews the Company’s policies periodically.

The following table sets forth the Company’s financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at January 31, 2016, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

The Company’s financial assets and financial liabilities are categorized as follows:

	Input Level	As At January 31, 2016		As At October 31, 2015	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 1,630,633	\$ 1,630,633	\$ 512,829	\$ 512,829
Investment	1	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
<b>Total</b>		<b>\$ 1,633,133</b>	<b>\$ 1,633,133</b>	<b>\$ 515,329</b>	<b>\$ 515,329</b>

	Input Level	As At January 31, 2016		As At October 31, 2015	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Liabilities:</i>					
A/P and Acc. Liabilities	1	\$ 70,569	\$ 70,569	\$ 312,796	\$ 312,796
<b>Total</b>		<b>\$ 70,569</b>	<b>\$ 70,569</b>	<b>\$ 312,796</b>	<b>\$ 312,796</b>



## **Fair Value**

The estimated fair values, established by IFRS 7, of cash, short term investments and accounts payable approximate their respective carrying values due to the immediate or short period to maturity. The available for sale investments are carried at fair values based on the published or electronic market price quotation.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- *Level 1* - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets,
- *Level 2* - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- *Level 3* - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

## **Risk Management**

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

### **a) Credit Risk**

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and short term investments. To minimize the credit risk the Company places cash with the high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

### **b) Liquidity Risk**

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash and cash equivalent balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at January 31, 2016, the Company had cash and short term investments aggregating \$1,633,133 (October 31, 2015 - \$515,329) and financial liabilities of \$70,569 (October 31, 2015 - \$312,796) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the consolidated statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

**c) Market Risk**

*i) Interest Rate Risk*

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

*ii) Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at January 31, 2016, the Company held no financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

*iii) Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **12. RISKS AND UNCERTAINTIES**

A discussion of the risks and uncertainties that Carmax faces can be found in the Company's audited annual financial statements for the year ended October 31, 2015 (available under Carmax Mining's SEDAR profile at [www.sedar.com](http://www.sedar.com)). Furthermore, additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations in the future.

## **13. PROPOSED TRANSACTIONS**

We do not currently have any proposed transactions; however, the Company from time to time does review potential property acquisitions and divestitures, in addition to conducting further exploration work on its property. The Company releases appropriate public disclosure as it conducts exploration work on its existing property and if the Company makes an acquisition or divestiture.

## **14. DISCLOSURE OF OUTSTANDING SHARE DATA**

### **Common Shares**

**a) Authorized**

An unlimited number of common shares without par value.

**b) Issued and Outstanding**

During the three month period ended January 31, 2016, the Company incurred the following share issuances:

- The Company closed a non-brokered private placement, announced in the Company's December 21, 2015 news release (the "**Offering**"), raising gross proceeds of \$1,500,000 in flow-through funds through the issuance of 30,000,000 flow-through shares at a price of \$0.05 per share.

The placement was made in its entirety to Northern Fox. At the closing of the Offering, Copper Fox's equity, through its wholly owned subsidiary Northern Fox, equity interest in Carmax increased to 65.4% of the outstanding shares, 68.2% on a fully diluted basis.

The shares issued under the Offering are subject to a hold period expiring May 13, 2016.

The Company incurred share issuance costs comprising of legal fees amounting to \$8,138.

**c) Warrants**

As at the date of this MD&A, the outstanding share purchase warrants of the Company are as follows:

<b>Amount of Warrants</b>	<b>Price Per Warrant</b>	<b>Amount Exercisable</b>	<b>Expiry Date</b>
20,000,000	\$ 0.075	20,000,000	May 28, 2016
4,660,000	\$ 0.075	4,660,000	July 9, 2016
3,386,078	\$ 0.09	3,386,078	September 25, 2016
3,000,000	\$ 0.10	3,000,000	December 23, 2016
2,180,450	\$ 0.10	2,180,450	January 14, 2017
11,000,000	\$ 0.075	11,000,000	May 1, 2017
<b>44,226,528</b>		<b>44,226,528</b>	

**d) Stock Options**

As at the date of this MD&A, the outstanding share options of the Company are as follows:

<b>Amount of Shares</b>	<b>Price Per Share</b>	<b>Amount Exercisable</b>	<b>Expiry Date</b>
550,000	\$ 0.10	550,000	September 12, 2016
3,450,000	\$ 0.07	3,550,000	July 9, 2019
900,000	\$ 0.05	990,000	April 29, 2020
350,000	\$ 0.05	350,000	October 16, 2020
<b>5,250,000</b>		<b>5,250,000</b>	

## 15. OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended January 31, 2016, the Company was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

## 16. CHANGES IN ACCOUNTING STANDARDS

There were no changes in the Company's accounting policies during the three months ended January 31, 2016. New and revised accounting standards and interpretations issued but not yet adopted are described in Note 2, "*Basis of Presentation*", of the audited financial statements for the year ended October 31, 2015.

## 17. CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

### **Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

### **Depreciation**

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

### **Impairment**

The carrying value of property and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the statement of operations and comprehensive loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("**CGUs**") for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

### **Site Closure and Decommissioning Provisions**

The Company assesses its mineral property's decommissioning provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply

with such laws and regulations. Accounting for decommissioning obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future decommissioning obligation. The actual future expenditures may differ from the amounts currently provided.

### **Title to Mineral Properties**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### **Share-Based Payments**

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options and share purchase warrants, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's financial statements.

### **Contingencies**

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or un-asserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to disclose as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the Company's financial statements.

## **18. APPROVAL**

The Board Committee of Carmax Mining Corp. has reviewed and approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and it is also available under our SEDAR profile at [www.sedar.com](http://www.sedar.com).