

# **CARMAX MINING CORP.**

## **Management's Discussion and Analysis**

**For the Three Months Ended**

**October 31, 2014**

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**Three Month Period Ended October 31, 2014**  
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**INTRODUCTION**

The following discussion and analysis, prepared as of January 30, 2015 has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's comparatives amounts in this MD&A have been presented in accordance with IFRS. All amounts are stated in Canadian dollars unless otherwise indicated.

The following information should be read in conjunction with the audited financial statements for the three month period ended October 31, 2014, and the related notes to those financial statements, all of which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The Company has changed its year end to October 31, from July 31 in order to match the year end with that of its parent company, Copper Fox Metals Inc. Accordingly the financial statements to October 31, 2014 upon which this report has been based have been audited. As a result of the change in year end, the statement of operations and comprehensive loss and statement of cash flows together with certain other notes to the financial statements are not entirely comparable as the current period is a three month period ended October 31, 2014, and the comparative figures are for the year ended July 31, 2014.

Statements in this report that are not historical facts are forward looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward looking statements.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute "forward-looking statements". Such 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, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under **RISK AND UNCERTAINTIES** in this MD&A.

Risk factors that could affect the Company's future results include, but are not limited to, risks inherent in mineral exploration and development and mining activities in general, volatility and sensitivity to market prices for commodities, changes in government regulation and policies including environmental regulations and reclamation requirements, receipt of required permits and approvals from governmental authorities, competition from other companies, ability to attract and retain skilled employees and contractors, and changes in foreign currency exchange rates. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the Company's filings with securities regulatory authorities. 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 securities laws.

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**NATURE OF BUSINESS AND OVERALL PERFORMANCE**

Carmax Mining Corp. (the "Company") is a natural resource company engaged exploring mineral properties in Canada.

As at October 31, 2014, the Company had cash and short term investments on hand of \$326,771 compared to \$1,041,898 at July 31, 2014.

Amounts capitalized into exploration and Evaluation assets increased to \$8,386,736 at October 31, 2014 compared to \$7,755,084 at July 31, 2014.

As of October 31, 2014, the Company has two mineral property interests comprising a 50% interest in the Whiskey Jack Creek property located in the Cairo Township of the Matachewan Area of the Larder Lake mining district of the Province of Ontario, and a 100% interest in the Eaglehead property located in the Liard Mining Division of the Province of British Columbia.

The Operator of the Whiskey Jack Creek property is Alexandria Minerals Corp., with whom the Company is currently negotiating a joint venture agreement.

The Eaglehead property consists of 30 contiguous claims comprised of 479 cells and 4 mineral units encompassing approximately 105 square kilometers.

The Company acquired its original 100% interest in Eaglehead property by paying \$350,000 cash, issuing 300,000 shares and by fulfilling a minimum exploration commitment of \$6,000,000 on the Eaglehead property. During the year ended July 31, 2014, the Company acquired an additional four claims comprising an additional 2,130 hectares for \$11,011 cash from Copper Fox Metals Inc. ("Copper Fox").

The initial claims acquired are subject to a 2.5% net smelter return royalty ("NSR") of which 1.5% can be purchased for \$2,000,000. Three of the additional claims acquired from Copper Fox comprising of 981 hectares are subject to a 2% NSR, one-half (1%) of which may be purchased for \$1,000,000.

**SELECTED ANNUAL INFORMATION**

The following financial data prepared in accordance with generally accepted accounting principles stated in Canadian dollars is presented as at October 31, 2014, July 31, 2014 and July 31, 2013:

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	<u>FISCAL PERIODS ENDED</u>		
	<u>OCTOBER 31</u>	<u>JULY 31</u>	<u>JULY 31</u>
	<u>2014</u>	<u>2014</u>	<u>2013</u>
Total revenue	\$ -	\$ -	\$ -
Net loss before interest income, write off of exploration and evaluation assets and income taxes.	\$ (161,209)	\$ (491,953)	\$ (350,502)
Net loss for the period	\$ (160,051)	\$ (960,163)	\$ (343,963)
Basic and diluted loss per share	\$ (0.00)	\$ (0.03)	\$ (0.01)
Total Assets	\$ 9,245,008	\$ 9,258,743	\$ 8,538,357
Total Long Term Liabilities	\$ 34,903	\$ 34,762	\$ 34,200
Cash Dividends per share	\$ -	\$ -	\$ -

As previously discussed the most recent fiscal period end is October 31, 2014, a result of the Company changing its year end from July 31.

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**RESULTS OF OPERATIONS FOR THE**  
**THREE MONTH PERIOD ENDED OCTOBER 31, 2014**

	<b>THREE MONTHS ENDED</b>		<b>YEAR ENDED</b>
	<b>OCTOBER 31</b>		<b>JULY 31</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>
<b>Expenses</b>			
Accretion expense	\$ 141	\$ 140	\$ 562
Consulting	20,932	1,500	38,448
Insurance	4,092	-	3,750
Management fees	24,000	15,000	60,000
Office and sundry	9,838	7,846	35,735
Professional fees	32,913	4,811	36,509
Promotion and entertainment	1,446	-	11,428
Rent	6,900	6,900	27,600
Share-based payments	30,500	-	239,900
Shareholder communications	21,230	1,584	12,772
Transfer agent and regulatory fees	5,210	779	21,863
Travel	4,007	-	3,386
Loss before other item	(161,209)	(38,560)	(491,953)
<b>Other items</b>			
Interest income	1,158	910	10,181
Write-off of exploration and evaluation assets	-	-	(478,391)
	1,158	910	(468,210)
<b>Loss for the Period</b>	(160,051)	(37,650)	(960,163)
<b>Other Comprehensive Income (Loss)</b>			
Net unrealized gain (loss) arising on available for sale investments during the period	(1,000)	-	1,000
<b>Comprehensive Loss</b>	\$ (161,051)	\$ (37,560)	\$ (959,163)
<b>Basic and Fully Diluted Loss per Share</b>	\$ (0.00)	\$ (0.00)	\$ (0.03)

The Company incurred a net loss of \$160,051 and comprehensive loss of \$161,051 during the three month period ended October 31, 2014, compared to a net loss of \$37,650 and comprehensive loss of \$37,560 for comparative three month period ended October 31, 2013. During the year ended July 31, 2014 the Company incurred a loss of \$960,163 and comprehensive loss of \$959,163.

The most significant differences in expenses incurred in the three month periods ended October 31, 2014 and 2013 are discussed below:

Consulting fees increased to \$20,932 (2013 - \$1,500) as a result of the Company entering into business development service agreements with consultants during latter part of the prior fiscal period.

Insurance increased to \$4,092 (2013 - \$nil) as the Company took out directors and officers insurance during the latter part of the prior fiscal period.

Management fees increased to \$24,000 (2013 - \$15,000) as the Company entered into a new management contract with the Company President during the three month period to October 31, 2014.

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Office and sundry fees increased to \$9,838 – (2013 - \$7,846) as a result of increased corporate activity.

Professional fees increased due to additional costs being incurred in respect of the change in the Company's fiscal year end to October 31, from July 31, and the associated audit, legal and accounting costs that were also incurred, which were in addition to the regular quarterly fees incurred in 2013.

Share-based payments increased to \$30,500 (2013 - \$nil) as a result of the valuation of stock options granted to consultants during the period.

Shareholder communications costs increased to \$21,230 (2013 - \$1,584) as a result of the Company incurring increased corporate communication costs. Also, in July of the prior fiscal year the Company entered into a \$25,000 six month shareholder communications agreement with Stock Market Solutions which expires December 31, 2014. Accordingly \$12,500 of this amount was expensed during the three months ended October 31, 2014.

Transfer agent and regulatory fees increased to \$5,210 (2013 - \$779) as a result of increased stock market activity in the company's stock and increased filing fee expenses being incurred.

Travel increased to \$4,007 (2013 - \$nil) as a result of generally increased corporate travel by management.

Interest received increased marginally a result of holding higher cash balances during the period compared to the prior period.

The other comprehensive loss for the year amounting to \$1,000 (2013 – \$nil) was recorded due to the change in market value of the Company's investment in Alexandria Minerals Corporation.

Exploration expenditures on the Whiskey Jack Creek property during the three month period ended October 31, 2014 totaled \$nil, and exploration expenditures (including decommissioning provisions and net of the recoverable BC mining tax credit) incurred on the Eaglehead property totaled \$631,652.

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) complete a NI 43-101 Technical Report which included a current Mineral Resources on the East and Bornite zones of mineralization located within the property. The Technical Report 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 contains approximately 662 million pounds copper, 22 million pounds molybdenum, , and 265,000 ounces gold.

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The 2014 Eaglehead exploration program consisted of re-logging of selected historical drill core from each of the previously located zones of mineralization, airborne and ground geophysical (Titan-24 DCIP) surveys, recovery of the historical drill core, collection of samples for preliminary metallurgical testwork and a four hole (2,229 m) diamond drilling program. The 2014 drill program tested the interpreted correlation between the chargeability results from the Titan 24 DCIP survey and copper mineralization and north and south sides of the chargeability signature.

Weighted average grade for the mineralized intervals intersected by the 2014 diamond drilling program are set out below.

**2014 Mineralized Intervals, Eaglehead project:**

DDH ID	Azimuth	Dip	From(m)	To (m)	Interval (m)	Copper (%)	Molybdenum (%)	Gold (g/t)	Silver (g/t)
DDH0121	0	-60	29.87	551.08	521.21	0.23	0.013	0.06	0.91
		Including	29.87	308.00	278.13	0.21	0.003	0.02	0.51
		including	29.87	42.00	12.13	1.01	0.012	0.25	3.97
		and	308.00	551.10	243.10	0.27	0.025	0.09	1.36
		including	308.00	332.00	24.00	0.95	0.085	0.13	4.73
		including	438.00	518.00	80.00	0.22	0.036	0.15	1.12
DDH0122	0	-65	73.00	377.00	304.00	0.18	0.005	0.07	0.82
		including	141.00	257.00	116.00	0.28	0.010	0.14	1.20
DDH0123	0	-65	42.67	538.00	493.33	0.10	0.003	0.05	0.56
		including	42.67	228.00	183.33	0.16	0.003	0.07	0.90
		including	124.00	148.00	24.00	0.60	0.005	0.11	3.33
		including	352.00	360.00	8.00	0.24	0.003	0.21	1.06
		including	430.00	446.00	16.00	0.27	0.003	0.28	2.16
DDH0124	215	-75	200.00	224.00	24.00	0.15	0.013	0.02	0.39
		and	274.00	288.00	14.00	0.14	0.004	0.01	0.41
		and	424.00	502.00	78.00	0.38	0.003	0.01	0.88

Compilation and interpretation of the 2014 work and historical data yields 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 900m wide and is open below a depth of 500m,
- b) The Far East zone is located approximately 3,000 m from the end of the chargeability anomaly and exhibits a 1,000m by 1,000 m copper and molybdenum in soil anomaly and numerous mineralized drill holes. The Far east zone is considered a prime exploration target and the land located between the East zone and Far East zone is also considered a prime exploration target,
- c) A positive correlation exists between the chargeability signature and copper mineralization,
- d) Re-logging of selected diamond drill cores from the six mineralized zones previously outlined on the property suggests that the Eaglehead is a 9,000 m long porphyry copper system,
- e) Mineralized drill holes (120 historical and current) occur over 5,000 m of the 6,000 m long chargeability anomaly,
- f) The current inferred mineral resource (Bornite and East zones only) of 102.5 million tonnes grading 0.30% copper, 0.01% molybdenum, and 0.09 g/t gold contains approximately 665 million pounds of copper, 12 million pounds

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molybdenum and 265,000 ounces gold is contained within the chargeability anomaly and is interpreted to represent a small portion of the mineral potential of the Eaglehead project.

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/resource. Additional geophysical surveys and diamond drilling is required to prove the mineral potential of this property.

The Company is currently developing its 2015 exploration program.

Whiskey Jack Creek Property

A 2008-2009 winter drill program consisting of 3 diamond drill holes was been completed by Carmax's partner, Alexandria Minerals Corp. ("Alexandria") on the Whiskey Jack Creek property. The three holes were drilled stepping out from drill hole MAT-08-7 drilled in late 2007 which returned 2.25 g/t Au over 6.00m at a depth of 165.5 m. Alexandria recommended a further drilling program on the claims, but no additional work has been done since 2009. The Company does not intend to allocate additional cash resources to the property until the Joint Venture Agreement has been negotiated.

At the end of the prior fiscal year, as the Company had no current plans to further explore the property an impairment provision of \$478,391 was recorded resulting in the property being recorded at \$1 at October 31, 2014 and July 31, 2014.

**Summary of Quarterly Results**

The following is a summary of the Company's quarterly results for the period from November 1, 2012 to October 31, 2014 reported in Canadian currency.

	<b>QUARTER ENDED</b>			
	<b>OCTOBER 31, 2014</b>	<b>JULY 31, 2014</b>	<b>APRIL 30, 2014</b>	<b>JANUARY 31, 2014</b>
Total revenue	\$ -	\$ -	\$ -	\$ -
Net loss before income taxes	\$ (160,051)	\$ (802,506)	\$ (61,269)	\$ (58,738)
Net income (loss) for the period	\$ (160,051)	\$ (802,506)	\$ (61,269)	\$ (58,738)
Basic income (loss) per share	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.00)



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	QUARTER ENDED			
	OCTOBER 31, 2013	JULY 31, 2013	APRIL 30, 2013	JANUARY 31, 2013
Total revenue	\$ -	\$ -	\$ -	\$ -
Net loss before income taxes	\$ (37,650)	\$ (53,531)	\$ (124,076)	\$ (99,824)
Net income (loss) for the period	\$ (37,650)	\$ (52,531)	\$ (124,076)	\$ (99,824)
Basic income (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

The Company reported a net loss of \$160,051 for the three month period ended October 31, 2014 compared to \$37,650 for the comparable three month period ended October 31, 2013. The basic loss per share for the three month period ended October 31, 2014 was (\$0.00) versus (\$0.00) for the comparable period of 2013.

**LIQUIDITY**

As at October 31, 2014, the Company has total assets of \$9,245,008.

The primary assets of the Company comprise cash and short term investments of \$75,656 and \$251,115 respectively, reclamation deposits of \$135,000, BC Mining exploration tax credit receivable of \$316,321, other receivable comprising GST recoverable of \$42,916, prepaid expenses of \$31,493 and two mineral property interests with a capitalized value of \$8,386,736. As of October 31, 2014 the Company had working capital of \$527,229.

During May 2014, the Company closed the first tranche a non-brokered private placement and issued 20,000,000 units to Northern Fox Copper Inc. ("Northern Fox"), a subsidiary company of Copper Fox, at a price of \$0.05 per unit for total aggregate proceeds of \$1,000,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at \$0.075 until May 28, 2016.

The subscription was entered into pursuant to a prior letter agreement dated March 17, 2013 with Copper Fox. The letter agreement gave Copper Fox certain pre-emptive and non-dilution rights. Providing Copper Fox or its subsidiary continues to hold at least a 20% stake in the Company Copper fox has the right to appoint two members to the Board of Carmax, and can also undertake financings pursuant to its non-dilution rights to maintain its equity stake in Carmax at 42.09%. Any share issuances pursuant to the agreement will be subject to regulatory approval.

On July 9, 2014, the Company closed the second tranche of the non-brokered private placement and issued 4,660,000 units to investors at a price of \$0.05 per unit for total aggregate proceeds of \$233,000. Each unit consists of one share and one share purchase warrant. Each warrant is exercisable into one common share at \$0.075 until July 9, 2016.

On September 25, 2014, Copper Fox exercised its pre-emptive and non-dilution rights and 3,386,078 units at a price of \$0.07 per unit were issued to Northern Fox Copper Inc, a subsidiary of Copper Fox. Each unit consists of one share and one share purchase

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warrant. Each warrant is exercisable into one common share at \$0.09 until September 25, 2016.

On December 23, 2014, the Company issued 3,000,000 units at \$0.05 each pursuant to a private placement for gross proceeds of \$150,000. Each unit consists of one flow-through common share and one share purchase warrant. Each share purchase warrant is exercisable into one non-flow through-common share at \$0.10 until December 23, 2016. Finders fees of up to \$12,000 may be paid pursuant to this financing.

On January 14, 2015, Copper Fox again exercised its pre-emptive and non-dilution rights and the Company issued 2,180,450 units to Northern Fox Copper Inc., at a price of \$0.05 per unit for total aggregate proceeds of \$109,023. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at \$0.10 until January 14, 2017.

At the present time it is management's opinion that the Company has adequate working capital to meet the Company's obligations as they come due and that the Company is not exposed to any significant liquidity risks at this time.

#### **CAPITAL RESOURCES**

At October 31, 2014, the Company's capital resources consist of interests in two mineral properties. The Company's 50% interest in the Whiskey Jack Creek property located in Cairo Township, Matachewan Area, Larder Lake mining district in Province of Ontario has been valued at \$1; and the Company's 100% interest in the Eaglehead property located in the Liard Mining Division in British Columbia which has been valued at \$8,386,735 including decommissioning costs. These amounts totaling \$8,386,736 equal the deferred exploration expenditures (net of BC mining exploration tax credits), and acquisition costs made in respect of the properties to October 31, 2014.

#### **OFF BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements to which the Company is committed.

#### **TRANSACTIONS WITH RELATED PARTIES**

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.

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

On May 29, 2014, Copper Fox through its 100% owned subsidiary, Northern Fox acquired 20,000,000 units of the Company. Each Unit consists of one previously unissued common share and one common share purchase warrant. Each warrant is exercisable until May 28, 2016 and at a price of \$0.075. At May 29, 2014, Copper Fox held a 47.09% interest on an undiluted basis. Carmax also granted Copper Fox certain rights, including:

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- the right to nominate two members to the Board of Carmax at each annual general meeting;
- the pre-emptive right to participate in any equity financing of the Company; and
- the right to make top-up investments in the Company to maintain its pro rata percentage shareholding.

These rights are subject to Copper Fox and its affiliates maintaining ownership of a minimum of 20% of the Company's issued and outstanding shares.

At May 29, 2014, Copper Fox, on a fully diluted basis held over 50% of the issued and outstanding shares of the Company, and as such has control of the Company.

Copper Fox has exercised its pre-emptive and non-dilution rights twice through Northern Fox subsequent to the initial investment on May 29, 2014 as follows:

On September 25, 2014, the Company issued 3,386,078 units to Northern Fox, at a price of \$0.07 per unit for total aggregate proceeds of \$237,025. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at \$0.09 until September 25, 2016.

On January 14, 2015, the Company issued 2,180,450 units to Northern Fox Copper Inc., at a price of \$0.05 per unit for total aggregate proceeds of \$109,023. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at \$0.10 until January 14, 2017.

Copper Fox, as the parent of the Company, consolidates 100% of the assets and liabilities related to the Company and includes a non-controlling interest of the assets and liabilities within their shareholders equity.

At October 31, 2014, included in accounts payable and accrued liabilities is \$nil (July 31, 2014 - \$12,146) owing to two companies controlled by individual directors, \$95,115 (July 31, 2014 - \$11,011) owing to a company with a common director and \$7,468 (July 31, 2014 - \$6,788) owing to a company controlled by an officer for services rendered to the Company. The amounts payable are non-interest bearing, unsecured and have no specific terms of repayment.

During the three months ended October 31, 2014 and October 31, 2013, the Company also incurred the following expenses charged by key management personnel and companies directly controlled by key management personnel.

- a) Paid or accrued management fees of \$24,000 (2013 - \$15,000) to a company controlled by Jevin Werbes.
- b) Paid or accrued professional fees of \$10,350 (2013 - \$3,800) to a company controlled by Matthew Wright.
- c) Paid or accrued wages included in office administration costs of \$6,750 (2013 - \$6,750) to Bev Funston.
- d) Paid or accrued rent of \$6,900 (2013 - \$6,900) to Ansell Capital Corp, a company with common directors and officer.

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- e) Paid or accrued consultancy fees of \$432 (2013 - \$nil) to a company controlled by Hrayr Agnerian
- f) Capitalized into deferred exploration costs \$30,230 (2013 - \$7,425) of fees charged by a company controlled by Jeff Poloni.
- g) Capitalized into deferred exploration costs \$4,500 (2013 - \$nil) of fees charged by a company controlled by Chris Healey.
- h) Capitalized into deferred exploration costs \$67,721 (2013 - \$nil) of fees charged by Copper Fox Metals Inc. a company with a common director.

During the three month period ended October 31, 2014, management and administration was provided to the Company by Calico Management Corp. (Calico) a Company controlled by Jevin Werbes, pursuant to a management agreement dated September 1, 2014. The agreement is for a minimum term of twenty four months, expiring on September 1, 2016. Pursuant to the agreement Calico is to receive \$8,000 per month over the term of the agreement. The agreement can be terminated by Calico by giving 90 days written notice to the Company and by the Company delivering twelve months written notice to Calico after the expiry of the initial term.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

As at October 31, 2014 the Company's financial instruments consist of cash, short term investment, investment, accounts payable and accrued liabilities and decommissioning provision.

The fair value of these financial instruments approximate carrying value since they are short term in nature and are receivable or payable on demand.

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's credit risk is primarily attributable to cash, short term investments, reclamation deposits and the investment. Cash, short term investments, and reclamation deposits are held with one reputable Canadian chartered bank which is closely monitored by management. The investment consists of shares of Alexandria Minerals Corp, a publicly listed entity. Management believes that the credit risk concentration with respect to financial instruments included in cash, short-term investments and amounts receivable is minimal.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2014, the Company held cash and short term investments aggregating \$326,771 (July 31, 2014 - \$1,041,898) and had current liabilities of \$190,272 (July 31, 2014 - \$300,343). All of the Company's current liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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c) Market Risk

i) Interest Rate Risk

The Company had cash balances and short term investments, and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

ii) Foreign Currency 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 October 31, 2014, 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.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

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Critical Accounting Estimates

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Impairment

Assets, especially exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11 of the audited financial statements for the three month period ended October 31, 2014.

Title to mineral property interests

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.

Decommissioning Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the decommissioning provision in the period incurred. Provisions are determined by discounting the risk-adjusted expected future cash flows to take into consideration risks and uncertainties involving the transaction. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The decommissioning cost is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognition in the statement of operations. Based on management's best estimate, the Company has recorded \$34,903 with respect to the Eaglehead exploration and evaluation property at October 31, 2014 (July 31, 2014-\$34,762).

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Going concern

Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcome of which is uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern those uncertainties are disclosed. Management has determined that disclosure is not required in these statements.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures 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 the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period the new information becomes available.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**SUBSEQUENT EVENTS**

Subsequent to the year end,

- a) On December 23, 2014, the Company issued 3,000,000 units at \$0.05 each pursuant to a private placement for gross proceeds of \$150,000. Each unit consists of one flow-through common share and one share purchase warrant. Each share purchase

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warrant is exercisable into one non-flow through-common share at \$0.10 until December 23, 2016. Finders fees of up to \$12,000 may be paid pursuant to this financing.

- b) On January 14, 2015, the Company issued 2,180,450 units to Northern Fox Copper Inc. a subsidiary of Copper Fox Metals Inc., at a price of \$0.05 per unit for total aggregate proceeds of \$109,023 pursuant to the pre-emptive and non-dilution rights included in the letter agreement between Copper Fox and the Company. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at \$0.10 until January 14, 2017.

Subsequent to the above issuance, Copper Fox indirectly controls approximately 42.09% of the issued common shares of the Company.

## **OTHER INFORMATION**

### **Outstanding Share Data**

A breakdown of the Company's issued common share position is as follows:

The following details the common shares, share purchase warrants, and stock options outstanding as of the date of this MD&A.

#### *Common Shares*

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	Number of Shares
Authorized Unlimited common shares, without par value	
Issued Balance at January 30, 2015	60,742,526

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#### *Share Purchase Warrants*

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Number of Share Purchase Warrants	Exercise Price	Expiry Date
20,000,000	\$0.075	May 28, 2016
4,660,000	0.075	July 9, 2016
3,386,078	0.09	September 25, 2016
3,000,000	0.10	December 23, 2016
2,180,450	0.10	January 14, 2017

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*Stock Options*

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Number of Shares	Exercise Price	Expiry Date
4,050,000	\$0.07	July 9, 2019
750,000	\$0.10	September 12, 2016

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Stock Options have been granted under the Company's current stock option plan which has been approved by shareholders. Under the terms of the plan, the number of unissued treasury shares equal to 10% of the Company's issued and outstanding shares on a rolling basis have been set aside for the grant of incentive stock options.

Options granted under the Plan contain the following provisions:

- all options will be non-transferable;
- no more than 5% of the issued shares may be granted to any one individual in any 12 month period;
- no more than 2% of the issued shares may be granted to a consultant or any employee performing investor relations activities, in any 12 month period;
- disinterested shareholder approval must be obtained for any reduction in the exercise price of an outstanding option, if the option holder is an insider; and
- options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Corporation's common shares.

There are no other potential share issuance obligations outstanding as of January 30, 2015.

**INVESTOR RELATIONS CONTRACT**

None

**CONTRACTUAL OBLIGATIONS**

None

**RISKS AND UNCERTAINTIES**

**Limited Operating History**

The Company is in the early stages of mineral property exploration and development. As a result, it is difficult to evaluate the Company's prospects, and its future success is more uncertain than if it had a longer or more proven history of operations.

**History of Losses**

The Company has incurred net losses every period since inception and as of October 31, 2014, had an accumulated deficit of \$4,999,196

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**No History of Dividends**

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

**Dilution**

The Company does not generate any revenues from operating and does not have sufficient financial resources to undertake by itself all of its planned activities. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders.

**Capital and Liquidity Risk**

The amount of financial resources available to invest for the enhancement of shareholder value is dependant upon the size of the treasury, profitable operations, and a willingness to utilize debt and issue equity.

Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

**Acquisition and Expansion Risk**

The Company intends to expand its operations through organic growth and depending on certain conditions, by identifying a proposed qualifying transaction. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional properties or businesses.

**Dependence on Key Personnel**

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for professionals is intense.

The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

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**MD&A PREPARATION**

This MD&A was prepared as of January 30, 2015. This MD&A should be read in conjunction the audited financial statements as at October 31, 2014. This MD&A is intended to assist the reader's understanding of **Carmax Mining Corp.** and its' operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

**Managements Responsibility for Financial Statements**

The information provided in this report, including the financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Carmax Mining Corp's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management quarterly to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee receives a report from the independent auditors annually, and is free to meet with them throughout the year.

January 30, 2015

On behalf of Management and the Board of Directors,

"Jevin Werbes"

Jevin Werbes  
President