887384

April, 2006

Dear Shareholder

The year 2005 marks the first year of Copper Fox Metals Inc's ("CUU") existence as a Junior Mining Company, and a very interesting year it has been. I write this letter while our stock seems to have found a new plateau between 65 and 75 cents per share, our treasury has just been replenished with the 3.8 million just raised and we are organizing our 2006 Field Season. We have sufficient funds to meet the option requirements of the first five years of our option ahead of schedule. I and those of you that have been involved in the making of CUU's present reality welcome our new shareholders.

Fig 1: CUU Stock Chart Oct '05 Mar '06

Since this is my first letter to the shareholders of the merged Company, I feel a recap of our short history and business plan is required. CUU's principal asset is an option to acquire a maximum of 93.4% (direct 70% and indirect 23.4%) interest in a copper-gold-molybdenum property located in Northwestern BC, known as "Schaft Creek". 955528 Alberta Ltd., a private Alberta corporation, acquired the option from Teck Cominco in 2001. We acquired this option through a merger of CUU and 955528 Alberta Ltd. in a reverse takeover transaction approved by the TSX on July 19th, 2005. The principal –and only- asset of the private company was the Schaft Creek option.

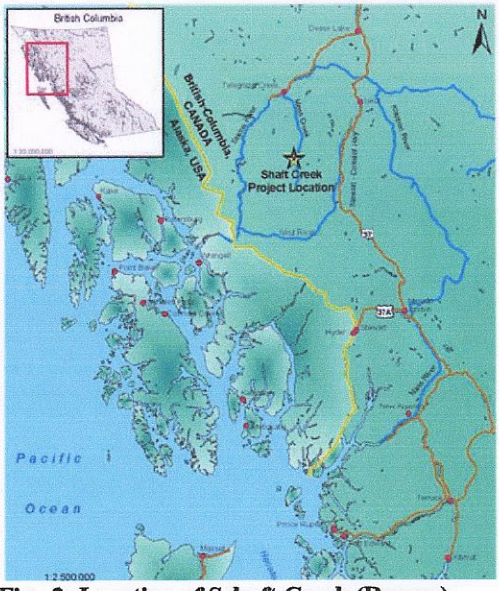


Fig. 2: Location of Schaft Creek (Rescan)

Schaft Creek: Beyond an Exploration Play.

The Schaft Creek property, discovered in 1957, has had significant geological work - including prospecting, mapping, geophysical surveys and diamond- and percussion-drilling- completed by Teck Cominco Ltd., Hecla Mining and ASARCO. This work resulted in the accumulation of large volumes of technical data including assays, metallurgical tests and engineering studies. Prior expenditures on the property exceed (C) $10 million.

When we entered into the option, the Schaft Creek property's mineral inventory was defined by 60,200 metres of diamond drilling at 76 meter (250 ft) spacing. Well marked old drillhole collars were found. The core is stored on the property and the resulting database is very well preserved.

CUU's present mine plan contemplates a 58,000 tonnes per day mill which would result in annual production of 61,000 tonnes of copper, 145,000 ounces of gold, 3,270 tonnes of molybdenum and 1.1 million ounces of silver over a minimum mine life of 15 years.

Your Company plans to complete a Scoping/pre-Feasibility Study in 2006. We have begun the process of applying for permits in advance of the completion of a bankable feasibility study.

Schaft Creek: In the Middle of a Hot Area Play

The Schaft Creek property is in the middle of a Hot Area Play. This includes development work by NovaGold Resources Inc. at their Galore Creek and Copper Canyon properties, by bcMetals Corp. at their Red Chris deposit and many others. Northgate Minerals Corp.'s Kemmess (North and South) and Barrick Gold Corp's Eskay Mine are operating mines in our neighborhood.

Schaft Creek: Advanced stage copper, molybdenum, gold and silver project.

Based on the large volume of work already completed on the Schaft Creek property, CUU has been in the enviable position of focusing their resources on development work. Over the last five years your Company has successfully accomplished the following development milestones:

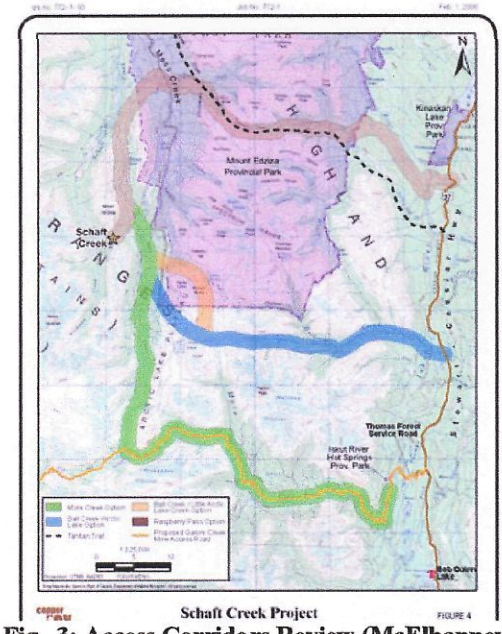


Fig. 3: Access Corridors Review (McElhanney)

- Negotiated option agreement with Teck Cominco.
- Engaged Giroux and Ostensoe to produce a 43-101 compliant definition of the Schaft Creek resource. They reported **Total Resources** of 3.65 B tonnes at 0.0% Cu Eq cut off, 0.155% Cu, 0.0096% Mo, 0.14g Au/t, 1.63g Ag/t, 0.202% Cu Eq average and **Measured & Indicated Resources** of 847 M tonnes 0.30% Cu Eq cut off, 0.292% Copper, 0.019% Molybdenum, 0.202 g/t Gold, 1.796 g/t Silver, 0.485% Cu Eq.
- Successfully tested the validity of using the Schaft Creek old core for metallurgical testing purposes.
- Commissioned AMCL to design an optimized pit plan that would enhance the mineralized areas for quick extraction, produce a fast capital recovery, and minimize risk. Your Company has used this pit plan to define those areas that

required immediate definition of metallurgical recoveries since they would be extracted during the first five years of such an operation.

The 307,806,000 tonnes defined by this preliminary pit would mine a mere 8.3% of the total resources known and feed a 58,000 tonnes per day mill for fifteen years. It would have a waste to ore ratio of 1.13. The overall grade of these resources is 0.367% Copper, 0.276 grams of gold per tonne, 0.018% molybdenum and 2.038 grams of silver per tonne. The 0.30% Copper Equivalent (%Cu Eq) used for this calculation is net of smelter recovery and transaction charges and is calculated using the following metal prices: Copper: 0.85 US$/lb., Gold: 375.00 US$/troy ounce, Molybdenum: 6.00 US$/lb and Silver: 5.00 US$/troy ounce. The economic parameters for this pit optimization plan need to be changed to reflect current metal prices. We shall revise these parameters upon completion of the metallurgical work that we are carrying out.

Under these conditions annual production of 61,000 tonnes of copper, 145,000 ounces of gold, 3,270 tonnes of molybdenum and 1.1 million ounces of silver over a minimum mine life of 15 years would be achieved.

Comparables Jan 18, 2006

Projects	Schaft Creek	Schaft Creek	Galore Creek	Kemess S.	Kemess N.	Red Chris
Interest Holders	Teck/CUU*	Teck/CUU*	Nova Gold	Northrgate	Northrgate	BC Metals
Share Market Capital M$	6.2	6.2	884.0	479.8	479.8	20.4
Status	Pre Feasibility	Pre Feasibility	Feaasibily	Producer	Planned Exp.	Feasibilty
Project Hectares	10,269.0	10,269.0	21,125.0	31,600.0	31,600.0	11,000.0
Open Pit Res. (Source)	Ind. (AMCL)	('95 CIMM Bull. 46)			Proven & Prob.	
Equiv. Cu Cut Off %	0.30	0.32			$2.20 NSR Ct O	
Million Tonnes	308	572	475	69	424	256
Avg Copper %	0.37	0.35	0.65	0.22	0.16	0.35
Avg Gold gpt	0.274	0.210	0.360	0.669	0.300	0.267
Avg Silver gpt	2.02	1.47	4.76			
Avg Molybdenum %	0.021	0.026				
Avg Equiv. Copper % **	0.75	0.77	0.78	0.45	0.26	0.41
In Place Metal Content						
Copper Million lbs	2477	4453	8200	336	1449	1978
Gold Million Ozs	2.7	3.9	6.6	1.5	4.1	2.2
Silver Million Ozs	20	27	88			
Molybdenum Million lbs	143	325				
Equiv. Copper Million lbs.**	5,057	9,755	9,863	683	2,431	2,327
Milling Rate Tnns/day	42,164	78,390	65,000	53,000	84,000	30,000
Mine life years	20	20	20	4	14	23

* Copper Fox has an option to earn up to 93.4 % from Teckcominco, with back in rights

** Av. Equiv Cu grades resources based on estimated NSR at recent metal prices.

Table 1: Comparable of Resources

The 43-101 compliant Measured and Indicated Resources thus defined are still 124 million tonnes short of the "Open Pit Mine Proven and Probable Reserves" published by Teck Cominco Ltd. in 1996. As we develop the property, we shall keep this in sight because it may allow us to expand our potential operations significantly. These resources compare very favourably with those of our neighbours, as displayed in Table No. 1. This Table was prepared a few months ago and does not reflect our increase in share prices.

Shaft Creek: Recent Results.

The 2005 drill targets were selected to confirm the following:

1. The integrity of the database received from Teck Cominco.
2. The repeatability of the assay results in the database; and
3. Conduct our first floatation tests on fresh rock.

A 15 drill hole PQWL (3.5" diameter core) program was implemented. ½ of the core will be used for metallurgical purposes. ¼ was used for assaying on 10 ft. intervals similar to those previously used. The remainder in boxes stored at camp.

Table No. 2 is our Summary of 2005 Drill Results. When compared to the results from the holes that were twinned, there is a good correlation between our results and those previously reported for copper, molybdenum and silver. The gold grades found are significantly higher than those previously reported. The deposit's higher copper grade sections will require closer spaced drilling to define their overall size. We have thus confirmed our first and second objectives for the season. Floatation testing, our third goal, will be in progress at the time of our general meeting.

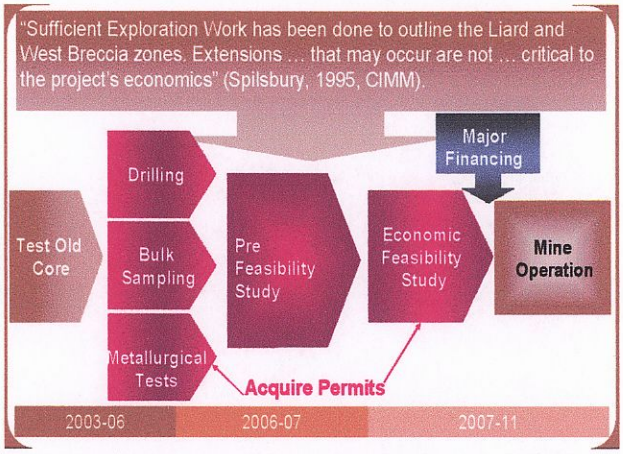
Table 2: Summary of 2005 Drill Results

Zone	Hole	Length m.	Cu %	Mo %	Au g/t	Ag g/t
West Breccia	05CF234	121.88	0.34	0.036	0.114	3.25
West Breccia	05CF235	45.70	0.40	0.014	0.253	5.01
West Breccia	05CF235	18.30	1.20	0.470	0.162	2.30
East Main Liard	05CF236	161.4	0.43	0.014	0.217	3.20
East Main Liard	05CF237	40.23	0.59	0.008	0.461	3.74
East Main Liard	05CF238	66.17	0.85	0.067	0.276	3.34
Main Liard	05CF239	194.15	0.55	0.022	0.407	2.43
Main Liard	05CF240	131.10	0.47	0.031	0.231	2.35
Main Liard	O5CF241	167.64	0.60	0.028	0.398	2.52
Main Liard	05CF242	266.40	0.50	0.020	0.320	1.88
Main Liard	05CF243	261.20	0.48	0.037	0.515	2.5
Main Liard	05CF244	140.30	0.35	0.023	0.222	1.30
Main Liard	05CF245	103.30	0.47	0.016	0.214	1.23
Main Liard	05CG246	100.60	0.38	0.010	0.111	1.37
Main Liard	05CF247	284.68	0.27	0.023	0.189	1.4
Main Liard	05CF248	42.67	0.29	0.024	0.173	1.8
Main Liard	05CF248	39.62	0.23	0.009	0.165	0.9

The advantage of the larger diameter core, which resulted in higher core recoveries, is obvious. Our 2005 drilling program has effectively drill tested the historical results previously reported from the West Breccia and Main Zones of the deposit. By testing a zone that is 1,000 meters long in an east to west direction and 600 meters wide in a north to south direction, Copper Fox Metals Inc. expects to have improved the 43-101 compliant resource classification of its resources within the Main and West Breccia zones to pre-43-101 definitions and terms. The gold and molybdenum grades found highlight the availability of higher grade material during the early stages of a mining cycle which –we feel- will benefit the economics of the deposit.

The metallurgical samples are being shipped to PRA Labs for flotation testing under the supervision of our Independent consultants (AMCL and Hatch). A new resource definition will then be carried out which, when combined with the results from our metallurgical testing, engineering and environmental assessments will give us enough information to provide us with our initial independent assessment of the economic potential of Schaft Creek.

Fig. 4: Schaft Creek Development Plan



In addition, we have:

1. Started the Environmental Process Assessment by commissioning RESCAN ENVIRONMENTAL the required Climate and Environmental Studies and the Project Description.
2. Commissioned McElhanney Engineering to carry out our preliminary Road Access Study.
3. Have had preliminary meetings with representatives of the Tahltan Central Council to implement our good neighbor policies and to establish the strong bond that we consider is needed between ourselves and the Tahltan communities that live in our neighborhood. We hope that this is the beginning of a long and beneficial association between us.

Our 2006 Field Season

This field season will include:

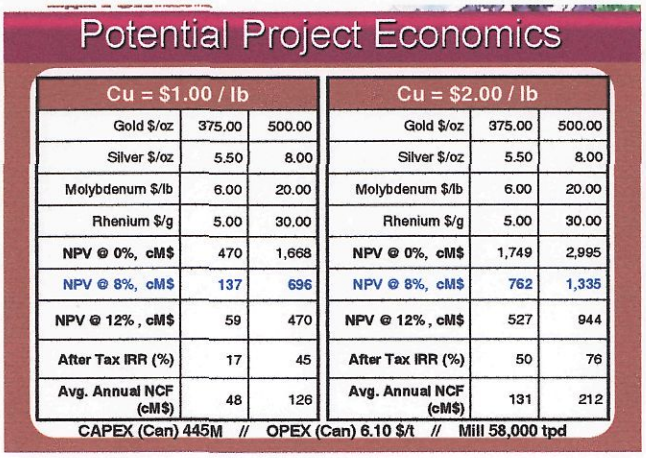
1. Drill testing the Paramount or North Zone of the deposit and the area between the Main and Paramount Zones. This 3,000 meters of additional PQWL drilling will complete the initial metallurgical testing program.
2. 6,000 m. of HQWL drilling. This drilling phase is designed to give us a closer definition of the Higher Grade zones within the Main Liard, West Breccia and Paramount Zones, preliminary slope stability of pit walls, testing of areas designed to be used for storage of waste material and tailings disposal.

The funds on hand are sufficient to reach our first contract milestone, which is spending a total of five million Canadian dollars by December 31st, 2006 and to complete the planned metallurgical program but not the extra drilling. We propose to take advantage of the good commodity prices to raise more funds and bring the completion of our feasibility study closer to completion to a closer date than presently forecast.

Economic Potential of Schaft Creek: Leverage to Commodity Prices.

CUU is directly leveraged to the price of a number of commodities, especially copper. The tables below outline two scenarios assuming Capex of $445M and $600 (CAD), Operating Expenses of $6.10 (CAD) per tonne and a mill rate of 58,000 tpd. The first

scenario shows the financial matrix with an average Copper price of $1.00 /lb. The second scenario is calculated with a Copper price of $2.00 /lb.

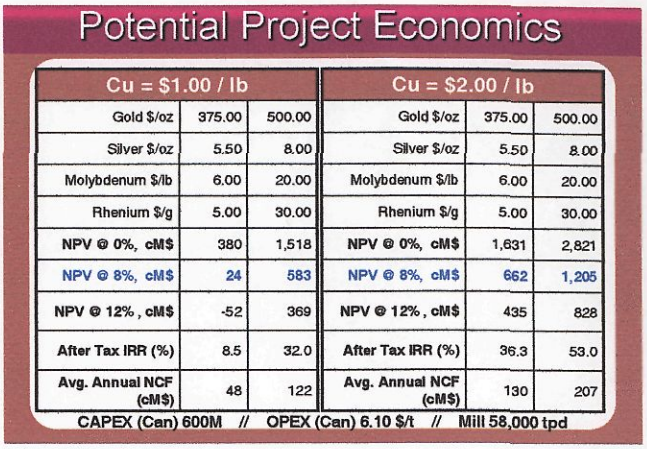


Potential Project Economics

Cu = $1.00 / lb			Cu = $2.00 / lb		
Gold $/oz	375.00	500.00	Gold $/oz	375.00	500.00
Silver $/oz	5.50	8.00	Silver $/oz	5.50	8.00
Molybdenum $/lb	6.00	20.00	Molybdenum $/lb	6.00	20.00
Rhenium $/g	5.00	30.00	Rhenium $/g	5.00	30.00
NPV @ 0%, cM$	470	1,668	NPV @ 0%, cM$	1,749	2,995
NPV @ 8%, cM$	137	696	NPV @ 8%, cM$	762	1,335
NPV @ 12%, cM$	59	470	NPV @ 12%, cM$	527	944
After Tax IRR (%)	17	45	After Tax IRR (%)	50	76
Avg. Annual NCF (cM$)	48	126	Avg. Annual NCF (cM$)	131	212

CAPEX (Can) 445M // OPEX (Can) 6.10 $/t // Mill 58,000 tpd

Fig. 5: Potential Economics (CAPEX = C. $445M)



Potential Project Economics

Cu = $1.00 / lb			Cu = $2.00 / lb		
Gold $/oz	375.00	500.00	Gold $/oz	375.00	500.00
Silver $/oz	5.50	8.00	Silver $/oz	5.50	8.00
Molybdenum $/lb	6.00	20.00	Molybdenum $/lb	6.00	20.00
Rhenium $/g	5.00	30.00	Rhenium $/g	5.00	30.00
NPV @ 0%, cM$	380	1,518	NPV @ 0%, cM$	1,631	2,821
NPV @ 8%, cM$	24	583	NPV @ 8%, cM$	662	1,205
NPV @ 12%, cM$	-52	369	NPV @ 12%, cM$	435	828
After Tax IRR (%)	8.5	32.0	After Tax IRR (%)	36.3	53.0
Avg. Annual NCF (cM$)	48	122	Avg. Annual NCF (cM$)	130	207

CAPEX (Can) 600M // OPEX (Can) 6.10 $/t // Mill 58,000 tpd

Fig. 6: Potential Economics (CAPEX = C. $600M)

THE COMMODITIES MARKET Strong Long Term Copper Market Fundamentals

Spot copper prices have improved significantly from a low on the LME of approximately US $0.60 per pound in November 2001 to a 18 year high of approximately US $2.50+ in 2006. If China and India continue on their present economic growth rate through 2015, they will create three to four times the number of new middle class families that were created in North America, Europe and Japan between 1947 and 1964. That process produced the greatest mining boom of all time.

Copper's long term fundamentals are very strong. Copper inventories are at historic lows and expected new mine production is not likely to be sufficient to satisfy increasing copper demand. At today's projected growth, there is a need to increase yearly copper production by ten times our initial forecast mine production.

A very interesting year indeed, 2005 was ... and to think that 2006 promises to be even more interesting for us. We shall keep you posted of our progress.

Your President & CEO.

Guillermo Salazar S., M.Sc.
P. Geol.