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**Copper Canyon Resources Ltd.**  
**(An Exploration Stage Company)**  
**Management Discussion and Analysis**

**December 31, 2008**

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**Management Discussion and Analysis**  
**Year End and Fourth Quarter, 2008**

Management's discussion and analysis ("MD&A") of Copper Canyon Resources Ltd. ("Copper Canyon" or "the Company") is dated April 24, 2009 and provides a discussion of the Company's financial and operating results for the quarter and the year ended December 31, 2008 with comparisons to previous quarters and the prior year. This MD&A should be read in conjunction with the most recently annual audited financial statements and accompanying notes.

**Business Overview**

Copper Canyon Resources Ltd. ("Copper Canyon") was originally created under a plan of arrangement whereby Eagle Plains Resources Ltd. reorganized assets to separate more advanced projects from grass roots exploration projects. The objective was to enhance shareholder value by securing certain advanced projects (most notably the Copper Canyon claims) under a separate legal entity for advanced exploration and development.

The Company currently holds interests in 3 properties, 2 in British Columbia and one in the Yukon, all of which are currently under option agreements with third parties.

**Selected Annual Information**

Selected annual information from the audited financial statements for the years ended December 31, 2008, 2007 and the incorporation period from June 15, 2006 to December 31, 2006 is presented in the table below. The financial data has been prepared in accordance with Canadian generally accepted auditing standards and are reported in Canadian dollars.

	2008	2007	2006
Operating Revenues	\$ -	\$ -	\$ -
Investment revenues	(16,808)	673,584	2,172
Loss for the year	803,938	1,028,448	124,664
Loss per share	0.0159	0.0211	0.0030
Diluted loss per share	0.0159	0.0211	0.0030
Total assets	1,201,041	2,087,528	899,832
Total long term liabilities (future income tax)	-	-	72,425
Cash dividends per share	-	-	-

Investment revenue is comprised of interest income, gain or loss on the sale of investments, and the recognition as income of the excess of option proceeds over the carrying value of the asset.

**Results of Operations**

For the year ended December 31, 2008, the Company recorded a net loss of \$803,938 compared to a loss of \$1,028,448 in 2007.

**Revenue**

The Company recorded interest income of \$33,137 (2007 - \$12,140), the increase a direct result

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of having more funds available for investment given the fall 2007 financing. A loss of \$ 66,108 was recorded on the sale of 5000 Novagold shares (2007-nil). The Company recognized option proceeds in excess of carrying value of \$16,163 from the Abo and Severance properties. In 2007 the Company recognized \$661,444 in option proceeds in excess of carrying value on the Copper Canyon property.

**Expenditures**

For the year ended December 31, 2008, the Company incurred operating expenses of \$455,809 (2007 - \$575,549). Administration, trade show, travel and promotion costs were reduced by \$119,740, a direct reflection of the downturn in the industry and managements decision to preserve capital. Regulatory and filing fees together with professional fees remained relatively consistent.

Stock compensation expense decreased to \$421,618 (2007 – \$1,088,667), a result of granting fewer options.

**Liquidity and Financial Resources**

At December 31, 2008, the Company had working capital of \$949,272 (2007 - \$1,106,182), comprised mostly of cash and cash equivalents. The working capital decrease is attributable to ongoing operating expenditures.

At December 31, 2008, the Company held investments comprised of publicly traded securities having a market value of \$123,686 (2007 - \$518,999) and private company shares recorded at \$50,000 (2007 – nil). The decline in value recognized as other comprehensive loss in the financial statements reflects the decline in the financial markets which occurred throughout 2008.

During the year the Company:

- Received 112,500 shares of Northern Freegold Resources Ltd per the Severance option agreement which were recorded at \$62,625 and written down to \$19,125 at year end.
- Received 200,000 shares of Egoli Resources Ltd. (a private company) per the Abo option agreement which were recorded and continue to be valued at \$50,000.
- Sold 5,000 NovaGold Resources Ltd shares for proceeds of \$18,392 with a resulting loss on disposal of \$66,108.

The market value is based on market prices for publicly traded shares and may not approximate trading prices at the time of disposition. Management regularly reviews the portfolio and makes decisions for trading based on current market trends and requirements of the Company.

The Company's continuing operations can be financed by cash on hand and or the liquidation of marketable securities. Expanded operations or aggressive exploration programs would require additional financing, primarily through the public equity markets, or through joint venture partnerships. Circumstances that could affect liquidity are significant exploration successes or lack thereof, new acquisitions, changes in metal prices and the general state of the equity markets for junior exploration companies.

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The exploration and development programs of the Company are determined by management with all of the above taken into consideration.

The Company has no long term debt obligations or other commitments for capital expenditures.

**Mineral Exploration Properties**

The required detailed schedule of Mineral Exploration Properties for the year is included in the Company's audited financial statements. During the year, the Company had expenditures of \$4,020 (2007 - \$81,987), and received option cash payments of \$122,500 on the Abo and Severance properties. The Company also received 112,500 shares of Northern Freegold Resources Ltd. (Severance), recorded at a value of \$62,625 and 200,000 shares of Egoli Resources Ltd (Abo), recorded at a value of \$50,000. This resulted in option proceeds in excess of carrying value on the Severance property of \$15,438 and on the Abo property of \$725. After recognizing the excess proceeds as income, mineral exploration properties totalled \$1,596 at December 31, 2008, down from \$216,538 at December 31, 2007.

**Shareholders' Equity**

Share capital increased to \$1,936,534 (2007 – \$1,894,957) as a result of:

- 281,500 reserved shares being exercised for proceeds of \$41,768 plus the fair value of \$2,984.
- A Future Income Tax adjustment for share issue costs of \$Nil (2007 - \$23,117).

Contributed surplus increased to \$1,548,110 from \$1,129,476 due to the application of the Black Scholes option-pricing model on the granting of 1,050,000 employee options, priced at \$0.50. The corresponding charge to stock compensation expense was \$421,618.

Accumulated other comprehensive loss records the unrealized loss on marketable securities and increased to \$937,289 (2007 - \$563,851). This accumulated loss results from the unrealized losses on NovaGold Resources Ltd of \$893,789 and Northern Freegold Resources of \$43,500.

**Mineral Properties**

**Abo**

The Company executed an option agreement in December 2007 with Egoli Resources Inc. (a private British Columbia Corporation) whereby Egoli may earn a 75% interest in Copper Canyon's wholly owned Abo Gold Property (the Property) located in the Harrison Lake area of south-western British Columbia, approximately 130km east of Vancouver. The Abo claims overlie a number of gold occurrences associated with a series of intrusive stocks. Accessory minerals include copper, silver, lead, zinc, molybdenum, tungsten and bismuth. The Property is road-accessible year-round. Hydroelectric power, natural gas and rail-service are located within 3 kilometres of property boundaries.

The terms of the option agreement were amended in November 2008 to allow for a reduction in cash payments from \$1,500,000 to \$1,385,000, an increase in share payments from 1,000,000 to 1,500,000 and a decrease in exploration expenditures from \$7,500,000 to \$6,050,000.

The Company has received 500,000 shares of Egoli and cash payments of \$135,000.

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Copper Canyon

The Copper Canyon project was under option to NovaGold Resources Inc. ("NovaGold"). Under terms of the option agreement, NovaGold has formally acquired a 60% interest in the project from the Company by fulfilling the terms of the agreement.

On February 15, 2008, Copper Canyon Resources Ltd. and NovaGold Canada Inc., a wholly-owned subsidiary of NovaGold Resources Inc. agreed to form a 40/60 joint venture to explore and develop the Copper Canyon property, located adjacent to the Galore Creek Partnership's Galore Creek project, located in north-western British Columbia, Canada. The Galore Creek Partnership is a partnership between Teck Cominco Limited and NovaGold, operating under the title Galore Creek Mining Corporation ("GCMC").

In November 2007, GCMC suspended construction on the Galore Creek Project. This decision directly impacts Copper Canyon Resources Ltd., as its flagship "Copper Canyon" property is contiguous with Galore Creek, and has potential to provide a substantial contribution to the Project's overall copper and gold resources.

According to a statement issued jointly by NovaGold/Teck, "*NovaGold and Teck Cominco continue to view the property (Galore Ck.) as a substantial resource and will initiate a comprehensive review to evaluate alternative development strategies*". The Galore Creek Partnership anticipated providing an update on the Galore Creek project upon completion of the on-going Optimization Update Study in Q4-2008. No announcement has been made to date.

Copper Canyon management considers the Copper Canyon property to be an important component of the Galore Creek project, providing a potential source of high-grade ore.

Severance

The Company executed an option agreement in March 2007 with Northern Freegold Resources Ltd ("NFR") whereby NFR may earn a 100% interest (less 3% NSR) in the Severance Property by making staged cash payments totalling \$50,000 and issuing 300,000 common shares. An additional 500,000 shares will be issued to Copper Canyon in the event of a production decision or change in control of NFR to another company. The 3% NSR may be reduced to 1% by payment of \$1,500,000. The Severance Property is located within the Dawson Range, 120km west of Carmacks, Yukon within a similar geologic setting to NFR's Freegold Mountain Project. The target on the 6.3 sq km property is intrusive-hosted gold mineralization.

The Company has received 112,500 shares of NFR and cash payments of \$22,500.

**Summary of Quarterly Results**

Year	2008	2008	2008	2008	2007	2007	2007	2007
Quarter	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Investment Revenues	(26,848)	22,791	9,227	11,638	9,167	(2,816)	326	662,307
Net Profit (loss)	(122,651)	(490,860)	(85,474)	(104,953)	90,940	(133,491)	(1,337,754)	351,857
Profit (loss) per Share	(0.0024)	(0.0097)	(0.0155)	(0.0022)	0.0019	(0.0025)	(0.0276)	0.0072
Diluted Profit (loss) per share	(0.0024)	(0.0097)	(0.0155)	(0.0022)	0.0019	(0.0025)	(0.0264)	0.0072

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In the March 2007 quarter, the Company received 74,074 NovaGold Resources Inc. shares as required under the Copper Canyon option agreement. The significant increase in investment revenue for that quarter is a result of recording as income the excess of the fair market value of the shares received over the capitalized cost of the Copper Canyon mineral exploration property.

The large losses in June 2007 and September 2008 are due to the granting of options and the related stock compensation expense. The loss in Dec 2008 results from the sale of investments.

**Fourth Quarter**

For the quarter ended December 31, 2008, the Company recorded a net loss of \$122,651 compared to a net profit of \$90,940 in 2007. The profit in 2007 was attributable to the provision for future income taxes recoverable of \$290,772.

**Revenue**

The Company recorded interest income of \$5,644 (2007 - \$9,167), the decrease resulting from lower rates of interest on deposits. The Company realized a loss on disposition of investments of \$66,108 from the sale of 5,000 NovaGold shares.

**Expenditures**

For the quarter ended December 31, 2008, the Company incurred operating expenses of \$146,373 (2007 - \$197,733). The decrease results from a reduced investor relations program of \$35,666 (2007 - \$84,005), the termination of a consulting contract with A Schwab & Assoc (\$13,000) and lower administration costs of \$17,238 (2007 - \$35,885).

The Company recorded stock compensation expense in the quarter of \$11,579 (2007 - (\$87,833)) related to the vesting of options. The 2007 credit results from the recalculation of the Black Scholes pricing model using a corrected volatility amount for the year.

**Liquidity and Financial Resources**

At December 31, 2008, the Company had working capital of \$949,272 (2007 - \$1,106,182). The decreased working capital is a result of 2008 operating costs.

Cash and equivalents decreased to \$925,533 (2007 - \$1,339,776), of which \$858,843 (2007 - \$1,310,208) has been invested in short-term investments. The decrease in cash is due to the payment of operating expenses for the quarter.

At December 31, 2008, the Company held investments comprised of publicly traded securities and having a market value of \$123,686 (2007 - \$518,999) and private company shares recorded at \$50,000 (2007 - nil). During the quarter the Company had the following transactions:

- Sold 5,000 NovaGold Resources Ltd shares for proceeds of \$18,392 with a resulting loss on disposal of \$66,108.

The market value is based on market prices for publicly traded shares and may not approximate trading prices at the time of disposition. Management regularly reviews the portfolio and makes decisions for trading based on current market trends and requirements of the Company.

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**Investments**

The Company held publicly traded securities having a market value of \$123,686 (2007 - \$518,999) comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain option agreements. The decrease in market value is primarily due to the decline in the current financial market. The Company also holds private company shares recorded at \$50,000 (2007 – nil), carried at cost, as the securities are not traded in an active market.

The carrying value of investments decreased in the quarter to \$173,686 (2007 - \$518,999) due to fair value measurement. The fourth quarter adjustment was to reduce investments by \$289,191 (2007 – \$698,118).

**Mineral Exploration Properties**

The Company had expenditures of \$818 (2007 - \$3,711) on mineral properties in the quarter to end the year with a balance of \$1,596 (2007 - \$ 216,538). The decrease in the ending balance results from cash and share payments received in the year to fulfill option agreements.

**Shareholders' Equity**

In the quarter, a Future Income Tax provision for share issue costs of \$28,476 was recorded increasing share capital to \$1,936,534 (2007 – \$1,894,957).

The Company recorded a stock compensation expense of \$11,579 for options vesting in the quarter using the Black Scholes option-pricing model thereby increasing contributed surplus to \$1,548,110.

Accumulated other comprehensive loss records the unrealized loss on marketable securities and increased to \$937,289 (2007 - \$563,851). The fourth quarter adjustment was (\$289,191) (2007 – (\$698,118)) resulting from the unrealized losses on NovaGold Resources Ltd of \$258,816 and Northern Freegold Resources of \$30,375.

**Transactions with Related Parties**

- Management fees of \$60,000 (2007 - \$60,000) were paid to a related party which has common directors.
- Director's fees were paid in the amount of \$34,750 (2007 - \$32,250).
- Accounting fees of \$13,875 (2007 - \$9,450) were paid to a director and officer of the Company.
- Legal fees of \$57,517 (2007 - \$35,151) were paid to a law firm of which a director is a partner.
- Exploration expenses of \$2,442 (2007 - \$11,987) were paid to a related company which has common directors.

Except as discussed, all related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties.

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**Disclosure of Outstanding Share Data**

The Company has an unlimited number of common shares without nominal or par value authorized for issuance.

At April 24, 2009, the Company had 50,682,545 (2007 - 50,401,045) common shares issued and outstanding.

The Company has 3,000,000 (2007 – 2,150,000) employee stock options outstanding with expiry dates from June 29, 2012 to July 22, 2013 exercisable at \$0.50 to \$1.00.

The Company has 3,563,000 (2007 - 3,844,500) reserved shares outstanding per the Plan of Arrangement whereby all option holders in Eagle Plains Resources Ltd. are to receive, in addition to an Eagle Plains share, one share of the Company when the option is exercised.

**Subsequent Event**

On January 9, 2009, the Company received 300,000 shares from Egoli Resources Ltd as per the Abo option agreement.

**Accounting Policies**

The financial information presented in the Financial Statements is prepared in accordance with generally accepted accounting principles in Canada. The Company's accounting policies have not changed since incorporation other than incorporating accounting pronouncements as noted later in this report and no future changes are contemplated.

**Critical Accounting Estimates**

Estimates relevant to the Company include the capitalization of certain exploration expenditures, and the expensing of the "fair value" of warrants and stock-based compensation, such as stock option grants.

The Company reviews capitalized costs on its property interests on an annual basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the future viability of the properties.

Under accounting rules, the "fair value" of warrants and stock based compensation must be expensed for income statement purposes. In addition, agents warrants issued as stock-based compensation to brokers must be similarly accounted for and recorded as a share issue cost. The determination of the fair value of options and warrants for this purpose is done using the "Black Scholes" formula. Some of the parameters used in this formula are highly subjective, in particular the assumption of future share price volatility, and therefore the amounts expensed are highly subjective and may not be reflective of the true cost of the options and warrants granted. If none of the options and agents' warrants are exercised, the amounts previously expensed are not adjusted and the increases in the Company's balance sheet Deficit account and Contributed Surplus account remain.

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**Financial Instruments**

The Company carries various financial instruments and it is management's opinion that the Company is not exposed to significant risks arising from these financial instruments. Substantially all of the Company's cash is held at two recognized Canadian National financial institutions. As a result, the Company is exposed to all of the risks associated with these institutions.

**Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet transactions.

**Other MD & A Requirements**

Additional information relating to the Company is available on the SEDAR website: [www.sedar.com](http://www.sedar.com) under "Company Profiles" and "Copper Canyon".

**Risks and Uncertainties**

Management's estimates of mineral prices, mineral resources and operating costs are subject to certain risks and uncertainties which may affect the Company's operation. Although management has made its best estimate of these factors, it is possible that material changes could occur which may adversely affect management's estimate of operating requirements. The Company's success will be dependent upon the extent to which it can discover mineralization or acquire mineral properties and the economic viability of developing its properties. Substantially all of the Company's operating and exploration funding must be derived from external financing. Should changes in equity market conditions prevent the Company from obtaining additional external financing; the Company will need to review its exploration and development programs and future planning.

**Recent Accounting Pronouncements**

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for public accountable companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

See Significant Accounting Policies in the Notes to Financial Statements for other accounting pronouncements adopted in the year.

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**Forward Looking Statements**

“All statements other than those of a historical nature are ‘forward-looking statements’ that may involve a number of unknown risks, uncertainties and other factors. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

**Outlook**

The Company remains strong: with \$925,000 in its treasury, \$174,000 in investments, and an aggressive, committed management team. We remain committed to the Copper Canyon/Galore Creek project, and will endeavour to maximize the value of the important mineral resource present on the Copper Canyon Property. When revised economic and engineering models are developed to advance the Galore Creek Project, we are confident that the Copper Canyon Deposit will feature much more prominently in future mine plans.

**On behalf of the Board of Directors**

Signed,

***“Tim J. Termuende”***

Tim J. Termuende, P. Geo.  
President and CEO