
Copper Canyon Resources Ltd.
(A Development Stage Company)
Management Discussion and Analysis

December 31, 2007

Management Discussion and Analysis
Year End and Fourth Quarter, 2007

Management's discussion and analysis ("MD&A") of Copper Canyon Resources Ltd. ("Copper Canyon" or "the Company") is dated April 20, 2008 and provides a discussion of the Company's financial and operating results for the quarter and the year ended December 31, 2007 with comparisons to previous quarters and 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") is a junior exploration company exploring for minerals in British Columbia and the Yukon. The company's objective is to enhance shareholder value by identifying and securing early-stage exploration and development opportunities in gold, silver and base metal projects. In pursuit of this goal, the Company relies on in-house and contracted research to generate exploration targets. Property acquisition is followed by initial exploration and subsequent optioning of properties of merit to junior and major exploration companies for advanced exploration and development.

NovaGold Resources Inc. completed the requirements to earn a 60% participating interest in the Copper Canyon Property, located adjacent to the Galore Creek copper-gold-silver project in northwestern British Columbia. Subsequent to year end, Copper Canyon Resources Ltd. and NovaGold Canada Inc., a wholly-owned subsidiary of NovaGold Resources Inc. have formed a 40/60 joint venture to explore and develop the Copper Canyon property.

The Company 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 year ended December 31, 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.

	2007	2006
Operating Revenues	661,444	nil
Investment revenues	12,140	2,172
Loss for the year	1,028,448	124,664
Loss per share	0.0211	0.0030
Diluted loss per share	0.0211	0.0030
Total assets	2,087,528	899,832
Total long term liabilities (future income tax)	nil	72,425
Cash dividends per share	nil	nil

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Results of Operations

At December 31, 2007, the Company has working capital of \$1,106,182 (2006 – \$103,025).

At December 31, 2007, the Company held cash of \$1,339,776 (2006 - \$119,861). The Company completed a private placement in the fall of 2007, issuing 1,783,235 shares with net proceeds of \$1,478,251, the proceeds to be used for general working capital, and this accounts for the increased cash on hand.

Accounts receivable of \$12,215 (2006 - \$20,014) represents GST receivable.

The Company held publicly traded securities (64,074 shares of NovaGold Resources Ltd.) having a market value of \$518,999 (2006 – nil). In February the Company received 74,074 shares from NovaGold Resources Inc. to fulfil the Copper Canyon option agreement requirement for 2007. The shares were recorded at \$16.90 for a value of \$1,251,850 which is based on a 15% discount from the fair market value on date of receipt. To provide operating capital the Company sold 10,000 of these shares in September at \$16.50 resulting in net proceeds of \$164,400 and a loss on disposition of \$4,600. In November, NovaGold made an announcement that they were suspending construction on their Galore Creek project which precipitated a significant decline in their share price.

During the year, the Company recorded expenditures of \$81,987 (2006 - \$5,672) on mineral properties and received option payments of \$1,286,850 (2006 – nil). The expenditures included the issuance of 100,000 shares valued at \$70,000, to buy out the NSR on the Abo property, which was subsequently optioned to Egoli Resources Ltd. The Company received \$35,000 cash from Egoli as part of that option agreement. In February the Company received 74,074 shares from NovaGold Resources Inc. to fulfil the Copper Canyon option agreement. The shares were recorded at \$16.90 for a value of \$1,251,850. Of the proceeds \$590,406 was applied against the cost of the property reducing the carrying value of the Copper Canyon property to a dollar and the excess of \$661,444 recorded as income. The result is the recorded cost of mineral properties was decreased to \$216,538 from \$759,957 at the beginning of the year.

Accounts payable increased to \$62,900 (2006 - \$36,850) due to accrual of professional fees of \$11,000 related to the fall financing and an increased audit fee accrual.

Due to related party increased to \$83,811 (2006 – nil) as a result of the Company's share of investor relation costs for personnel and attendance at trade shows.

As no tax pools were transferred in the plan of arrangement the receipt of the NovaGold shares was fully taxable. This income when offset by operating expenditures and losses carried forward from the previous year resulted in a current tax liability of \$99,098.

Share capital increased to \$1,894,957 (2006 – \$872,516) primarily due to the Fall financing which raised \$1,515,750 with the issuance of 1,783,235 non-flow-through units at a price of \$.85 per unit. Applying the Black Scholes model to attached warrants share capital was reduced by \$534,249.

Contributed surplus increased to \$1,129,476 from \$42,705 primarily due to the application of the Black Scholes option-pricing model on the granting of 2,150,000 employee options, priced at \$1.00. The corresponding charge to stock compensation expense was \$1,088,667.

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Accumulated other comprehensive loss records the unrealized loss on marketable securities. The 64,074 NovaGold shares owned at December 31, 2007 were recorded at a value of \$1,082,850 (\$16.90 per share) when received in February 2007 but at year end the market value of the shares was \$518,999 (\$8.10 per share) resulting in an unrealized loss of \$563,851.

The Company reported a net loss of \$1,028,448 (2006 - \$124,664) for the year. This increased loss results from increased investor relations program costs of \$273,351 (2006 - 11,658) and stock compensation expense of \$1,088,667 (2006 - nil). As this is the Company's first full year of operation administration, public company costs and professional fees have increased to \$302,198 (2006 - \$184,210). Offsetting these increased costs were option proceeds from NovaGold shares valued at \$1,251,850 which was in excess of the carrying value of the Copper Canyon property, \$590,407, thereby creating a gain of \$661,444.

Summary of Quarterly Results

Selected quarterly information from the financial statements for the year ended December 31, 2007 and the incorporation period from June 15, 2006 to December 31, 2006 is presented in the table below.

Year	2007	2007	2007	2007	2006	2006	2006
Quarter	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Operating Revenues	nil	nil	nil	nil	nil	nil	nil
Investment Revenues	9,167	(2,816)	326	662,307	2,172	nil	nil
Net Profit (Loss)	90,940	(133,491)	(1,337,754)	351,857	(75,732)	(43,778)	(5,154)
Profit (loss) per Share	0.0019	(0.0025)	(0.0276)	0.0072	(0.0030)	(0.0009)	(0.0001)
Diluted Loss per share	0.0019	(0.0025)	(0.0264)	0.0072	(0.0030)	(0.0008)	(0.0001)

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. Egoli intends to earn a 75% interest in the Property by completing \$7.5 million dollars in exploration expenditures, paying Copper Canyon \$1,500,000 in cash and issuing 1,000,000 million common shares of Egoli over a 5 year period. The 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 kilometers of property boundaries.

Copper Canyon

NovaGold Resources Inc. completed the requirements to earn a 60% participating interest in the Copper Canyon Property, located adjacent to the Galore Creek copper-gold-silver project in northwestern British Columbia. The Galore Creek Project is owned by a 50/50 partnership between NovaGold and Teck Cominco. NovaGold provided the Company notice that it will not be exercising the second option of the Copper Canyon Option Agreement to acquire a further 20% interest in the property. Copper Canyon Resources Ltd. and NovaGold Canada Inc., a wholly-owned subsidiary of NovaGold Resources Inc. have formed a 40/60 joint venture to explore and develop the Copper Canyon property.

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The Company received final assays from partner NovaGold Resources Inc. from a 12-hole, 16,200 ft (4,940 m) diamond drilling program completed this season on the Copper Canyon property. A number of holes were targeted beneath and beyond the existing boundaries of the current inferred resource.

Highlights:

- All holes from the 2007 program intersect significant mineralization, many in areas outside the current inferred resource boundary
- DDH CC07-033 returns 129.0m grading 0.89% copper-equivalent from 76.0m to 205.0m and 158.8 m grading 1.13% copper-equivalent from 438.2m to 597.0m
- DDH CC07-34 returns 118.0 m grading 0.99% copper- equivalent from 4.60 to 122.60m
- DDH CC07-36 returns high-grade gold mineralization of 31.9 g/t Au over 2.5 m from 183.5m to 186.0m and 26.8g/t Au over 2.7m from 211.8m to 214.5m (true thicknesses undetermined)
- DDH CC07-44 returns 181.0 m grading 0.69% copper equivalent from 26.5m to 207.5m

Drilling to date at Copper Canyon has indicated the presence of both a large, bulk-tonnage copper-gold mineralized system and zones of high-grade gold mineralization.

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 EPL 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.

Other Corporate News

Financing

The Company completed a non-brokered financing in the Fall 2007 which raised \$1,515,750 with the issuance of 1,783,235 non-flow-through units at a price of \$.85 CDN per unit, each unit consisting of a non-flow-through common share and one-half non-flow-through common share purchase warrant, each whole warrant exercisable at \$1.10 CDN for an 18 month period.

Copper Canyon/Galore Creek

NovaGold Resources Inc. and its joint-venture partner Teck Cominco suspended construction on the Galore Creek Project, located in northwestern British Columbia. 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 Cominco, "*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*"

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.

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Subsequent Events

On January 23, 2008, TSX approval was received for the Severance property option agreement with Northern Freegold Resources Ltd. whereby Northern Freegold may earn a 100% interest in the property. On January 30, 2008, the Company received \$11,250 and 67,500 shares from Northern Freegold Resources Ltd. as per the Severance option agreement.

On February 13, 2008, NovaGold Resources Inc. provided the Company notice that it will not be exercising the second option of the Copper Canyon Option Agreement to acquire a further 20% interest in the property.

On February 15, 2008, Copper Canyon Resources Ltd. and NovaGold Canada Inc., a wholly-owned subsidiary of NovaGold Resources Inc. have 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 50/50 partnership between Teck Cominco and NovaGold.

On February 28, 2008, the Company received a \$100,000 cash payment and 200,000 shares from Egoli Resources Ltd as per the Abo option agreement.

Liquidity and Capital Resources

At December 31, 2007, the Company had cash and cash equivalents of \$1,339,776 (2006 - \$119,861). Working capital amounted to \$ 1,106,182 (2006 - \$103,025).

At December 31, 2007, the Company held publicly traded securities having a market value of \$518,999 (2006 – nil). Market value is based on market prices for publicly traded shares and may not approximate trading prices at the time of disposition.

The Company's continuing operations can be financed by cash on hand and or the liquidation of marketable securities.

Circumstances that could affect liquidity would be a significant exploration program undertaken by the Joint Venture with NovaGold Resources on the Copper Canyon property wherein the Company would be required to fund 40% of the projected costs.

Transactions with Related Parties

- Director's fees were paid in the amount of \$31,250 (2006 - \$16,500).
- Legal fees of \$42,579 (2006 - \$9,155) were paid to a company of which a director is a partner.
- Management fees of \$60,000 (2006 - \$30,000) were paid to a related party which has common directors.
- Accounting fees of \$9,450 (2006 - \$4,250) were paid to a director and officer of the Company.
- Exploration expenses of \$11,987 (2006 - \$5,672) were paid to a related company which has common directors.

These amounts were incurred in the ordinary course of business.

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Fourth Quarter

Cash and equivalents increased to \$1,339,776 due to the Company completing a non-brokered financing which raised \$1,515,750 with the issuance of 1,783,235 non-flow-through units at a price of \$.85 CDN per unit, each unit consisting of a non-flow-through common share and one-half non-flow-through common share purchase warrant, each whole warrant exercisable at \$1.10 CDN for an 18 month period.

The carrying value of investments decreased in the quarter to \$ 518,999 as the adoption of the accounting principle of other comprehensive income requires investments to be recorded at market value.

Mineral properties decreased \$21,289 in the quarter, as the Company had expenditures of \$3,711 (2006 - \$31) on mineral properties and received option payments of \$25,000 (2006 – nil) from Egoli Resources Ltd as part of the Abo option agreement.

Accounts payable increased \$41,973 due to the accrual of auditing fees of \$40,000.

Due to related party decreased \$74,947 in the quarter as a result of the Company receiving repayment of an advance to the related party of \$95,000.

Share capital increased \$1,022,441 primarily due to the Fall financing which raised net proceeds of \$1,478,250 in the quarter (\$97,500 was received in the third quarter) with the issuance of 1,783,235 non-flow-through units at a price of \$.85 CDN per unit,

The Company reported a net profit of \$282,650 in the quarter compared to a net loss of \$75,732 in the comparative quarter for 2006. Operating expenses were \$197,733 (2006 - \$146,936), the difference due to an increased investor relation program undertaken in the year and no consulting fees. Stock compensation expense was decreased by \$87,833, to reflect a recalculation of the Black Scholes model using a corrected volatility rate. A current tax provision was recorded in the amount of \$99,098 and a future income tax recovery of \$65,882.

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.

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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 Share Capital account remain.

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.

Other MD & A Requirements

Additional information relating to the Company is available on the SEDAR website: www.sedar.com under “Company Profiles” and “Copper Canyon”.

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 \$81,987 (2006 - \$5,672) on mineral properties and received option payments of \$1,286,850 (2006 – nil). The expenditures included the issuance of 100,000 shares valued at \$70,000, to buy out the NSR on the Abo property, which was subsequently optioned to Egoli Resources Ltd. The Company received \$35,000 cash from Egoli as part of the option agreement and the Company received 74,074 shares in February from NovaGold Resources Inc. to fulfil the Copper Canyon option agreement requirement for 2007. These shares were recorded at \$16.90 for a value of \$1,251,850 which is based on a 15% discount from the fair market value on date of receipt. The result is mineral properties decreased to \$216,538 from \$759,957 at the beginning of the year.

Disclosure of Outstanding Share Data

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

At December 31, 2007, the Company had 50,401,045 common shares issued and outstanding. In addition, there are 2,150,000 employee stock options exercisable at \$1.00 and 891,617 warrants exercisable at \$1.10 outstanding.

The Company also has 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.

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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.

Disclosure Controls and Internal Controls over Financial Reporting

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's chief executive officer (CEO) and chief financial officer (CFO) have evaluated and are satisfied with the effectiveness of these disclosure controls and procedures for the year ending December 31, 2007.

The CEO and CFO acknowledge responsibility for the design of internal control over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company have assessed the design of internal control over financial reporting and during this process the Company identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the limited number of staff it is not feasible to achieve complete segregation of incompatible duties.
- Due to the size of the Company and the limited number of staff, the Company does not have the optimum complement of personnel with all the technical accounting knowledge to address all complex and non-routine accounting transactions that may arise. Hence, the Company hires external accounting firms to assist in the completion of such transactions.

These weaknesses in the Company's internal control over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the directors work to mitigate the risk of a material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

Recent Accounting Pronouncements

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants relating to financial instruments:

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These new standards have been adopted on a prospective basis with no restatement to prior period comparative balances.

Section 3855, "Financial Instruments – Recognition and Measurement"

All financial assets and liabilities will be carried at fair value in the consolidated balance sheet, except the following, which will be carried at amortized cost unless designated as held for trading upon initial recognition: loans and receivables, certain securities and non-trading financial liabilities. Realized and unrealized gains and losses on financial assets and liabilities that are held for trading will continue to be recorded in the consolidated statement of earnings. Unrealized gains and losses on financial assets that are held as available for sale will be recorded in other comprehensive income until realized, when they will be recorded in the consolidated statement of operations.

Section 1530 – "Comprehensive Income"

Unrealized gains and losses on financial assets that will be held as available for sale will be recorded in a statement of other comprehensive earnings until recognized in the consolidated statement of operations. Other comprehensive income will form part of the shareholders' equity.

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 capital markets for exploration companies remain strong due to the continued strength in the commodities prices for the Company's principal exploration targets such as base metals and gold and this is expected to remain consistent over the near term future.

Concluding Remarks

News of the suspension of construction activity at the Galore Creek project was met by Copper Canyon management and employees with shock and extreme disappointment. The decision clearly and profoundly affected many stakeholders. Management sympathizes with all stakeholders, including the many investors who have suffered financial losses.

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However, the Company remains strong: with \$1,300,000 in its treasury, \$216,538 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.Geol.
President and CEO