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

December 31, 2009

Management Discussion and Analysis
Year End and Fourth Quarter, 2009

Management's discussion and analysis ("MD&A") of Copper Canyon Resources Ltd. ("Copper Canyon" or "the Company") is dated April 23, 2010 and provides a discussion of the Company's financial and operating results for the quarter and the year ended December 31, 2009 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 remains committed to the Copper Canyon project and is anticipating news of a new mine plan in 2010.

In the summer of 2009, the Company commissioned an exploration company to carry out grass-roots exploration on areas in the Yukon which resulted in the staking of new gold claims for future work.

The Company currently holds interests in 6 properties, 2 in British Columbia and 4 in the Yukon. One BC and one Yukon property 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, 2009, 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.

	2009	2008	2007	2006
Operating Revenues	\$ -	\$ -	\$ -	\$ -
Investment revenues	(159,877)	(16,808)	673,584	2,172
Loss for the year	(524,916)	(803,938)	(1,028,448)	(124,664)
Loss per share	(0.01)	(0.02)	(0.02)	(0.00)
Diluted loss per share	(0.01)	(0.02)	(0.02)	(0.00)
Total assets	1,152,565	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.

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

December 31, 2009

Results of Operations

For the year ended December 31, 2009, the Company recorded a net loss of \$524,916 compared to a loss of \$803,938 in 2008. The decreased loss is attributable to a reduction in stock compensation expense of \$333,281 as a result of no options being issued in 2009.

Revenue

The Company recorded interest income of \$4,069 (2008 - \$33,034), the decrease a result of having less funds available for investment, attributable to ongoing operating expenditures and, more notably, lower interest rates. A loss of \$111,709 (2008 - \$66,108) was recorded on the sale of 9,074 Novagold shares (2008 - 5,000). The Company recognized option proceeds in excess of carrying value of \$712 (2008 - \$16,163) on mineral properties.

Expenditures

For the year ended December 31, 2009, the Company incurred operating expenses of \$277,026 (2008 - \$455,809). Administration, trade show, travel and promotion costs were reduced by \$111,023 (2008 - \$119,740), a direct reflection of the downturn in the industry and managements decision to preserve capital. Professional fees decreased by \$70,088 which relate to NovaGold option agreement issues in 2008, employee options issued in 2008 and other property option agreement matters.

Stock compensation expense decreased to \$88,337 (2008 - \$421,618), a result of no options being granted in 2009.

Liquidity and Financial Resources

At December 31, 2009, the Company had working capital of \$651,926 (2008 - \$949,272), comprised mostly of cash and cash equivalents. The working capital decrease is attributable to ongoing operating expenditures.

At December 31, 2009, the Company held investments comprised of publicly traded securities having a market value of \$354,501 (2008 - \$123,686). The increase in value, recognized as other comprehensive gain in the financial statements, reflects the recovery in the financial markets which occurred throughout 2009.

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.

During the year the Company:

- Received 300,000 shares of Egoli Resources Limited (a private company) per the Abo option agreement which were recorded at \$3,000 but have been written down to \$1 to reflect an impairment in value as the option agreement was terminated.
- Sold 9,074 NovaGold Resources Ltd shares for proceeds of \$41,642 with a resulting loss on disposal of \$111,709.

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

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

December 31, 2009

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.

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.

Investments

The Company holds publicly traded securities having a market value of \$354,500 (2008 - \$123,686) comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain option agreements. The increase in market value is due to the recovery in the current financial market. The Company also holds private company shares previously recorded at \$53,000 (2008 - \$50,000), which have been written down to \$1 to reflect an impairment in value as the option agreement was terminated and the shares are not traded in an active market.

The carrying value of investments increased in the year to \$384,501 (2008 - \$173,686) due to an increase in fair value measurement of \$331,166 less the cost of shares sold in the year of \$153,351.

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 \$77,842 (2008 - \$4,020), the majority related to grass roots exploration programs undertaken in the Yukon; and received grants of \$41,437 from the Yukon government to partially offset the costs of this exploratory work done in the Yukon. As a result of this exploration, the Company staked some claims in the Yukon for future work.

The Company also received 300,000 shares of Egoli Resources Limited (a private company), recorded at a value of \$3,000. This resulted in option proceeds in excess of carrying value on the Abo property of \$712. After recognizing the excess proceeds as income, mineral exploration properties totalled \$35,713 at December 31, 2009, up from \$1,596 at December 31, 2008.

Shareholders' Equity

There was no change to share capital during the year.

Contributed surplus increased to \$1,636,447 from \$1,548,110 due to the application of the Black Scholes option-pricing model on the vesting and re-pricing of options in the year. The corresponding charge to stock compensation expense was \$88,337 (2008 - \$421,618). The decrease in stock compensation expense is due to no options (2008 - 1,050,000) being issued in the year.

Accumulated other comprehensive loss records the unrealized loss on marketable securities and decreased to \$553,124 (2008 - \$937,289). This accumulated loss results from the unrealized

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

December 31, 2009

losses on NovaGold Resources Ltd of \$526,499 (2008 - \$893,789) and Northern Freegold Resources of \$26,625 (2008 - \$43,500).

Mineral Properties

Abo

The Company entered into an option agreement on December 27, 2007 with Egoli Resources Limited ("Egoli"), a private company, whereby Egoli may earn a 75-percent interest in the Company's wholly owned Abo Gold property located in the Harrison Lake area of south-western British Columbia. The Company terminated the option agreement on April 16, 2009, for failure of Egoli to meet obligations under the terms of the amended option agreement dated November 30th, 2008. Prior to the termination of the option agreement, the Company received \$135,000 cash and 500,000 shares of Egoli.

The Company signed a Letter of Intent, on September 1, 2009 with Bling Capital Corp. ("Bling") whereby Bling may earn a 100% interest in the Abo property, which was allowed to terminate on November 12, 2009.

The Company is actively searching for an option partner for the property.

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 12, 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.

NovaGold stated in a January 5, 2010 news release, *given the continued strength of the copper and gold markets, Novagold expects to release a new mine plan for the project in early 2010 that will include updated economics using higher copper and gold prices and an optimized project design.*

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.

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

December 31, 2009

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.

Yukon Claims

As part of a Yukon government initiative, the Company undertook some grass roots exploration programs in the Yukon, culminating in the staking of 3 gold claim properties. The Company has plans to do further exploration on these claims in the future.

Summary of Quarterly Results

Year	2009	2009	2009	2009	2008	2008	2008	2008
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	(52,493)	(45,959)	582	(62,007)	(26,848)	22,791	9,227	11,638
Net Profit (loss)	(235,649)	(106,618)	(53,711)	(128,938)	(122,651)	(490,860)	(85,474)	(104,953)
Profit (loss) per Share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.00)
Diluted Profit (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.00)

The large loss in September 2008 was due to the issuance of options and the related stock compensation expense.

The losses under Investment Revenues are the resultant losses on disposal of investments.

Fourth Quarter

For the quarter ended December 31, 2009, the Company recorded a net loss of \$103,700 compared to a net loss of \$122,651 in 2008.

Revenue

The Company recorded interest income of \$505 (2008 - \$5,644), the decrease resulting from lower rates of interest on deposits. The Company realized a loss on disposition of investments of \$111,709 (2008 - \$66,108) from the sale of NovaGold shares.

Expenditures

For the quarter ended December 31, 2009, the Company incurred operating expenses of \$101,860 (2008 - \$146,373). The decrease results from a reduced investor relations program and

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

December 31, 2009

lower professional costs of \$33,256 related to the exercise by NovaGold of their option on the Copper Canyon property.

The Company recorded stock compensation expense in the quarter of \$81,295 (2008 – \$11,579) related to the vesting and re-pricing of options.

In 2008, the Company recovered income taxes of \$95,765 paid previously due to the carryback of 2008 year losses.

Liquidity and Financial Resources

At December 31, 2009, the Company had working capital of \$651,926 (2008 - \$949,272). The decreased working capital is a result of ongoing operating costs.

Cash and equivalents decreased to \$685,218 (2008 - \$925,533), of which \$600,600 (2008 - \$858,843) 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, 2009, the Company held investments comprised of publicly traded securities and having a market value of \$354,501 (2008 - \$123,686) and Guaranteed Investment Certificates in the amount \$30,000 (2008 – nil).

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.

Investments

The carrying value of investments increased in the quarter to \$384,501 (2008 - \$173,686) due to fair value measurement. The fourth quarter adjustment was to increase investments by \$50,125 (2008 – \$(289,191)).

Mineral Exploration Properties

The Company had expenditures of \$70,223 (2008 - \$818) on mineral properties in the quarter and received a cash payment of \$41,437 to end the year with a balance of \$35,713 (2008 - \$1,596). The expenditures were for exploration programs carried out in the Yukon and the cash payment was related to these programs.

Shareholders' Equity

The Company recorded a stock compensation expense of \$81,295 (2008 - \$11,579) for options vested and re-priced in the quarter using the Black Scholes option-pricing model thereby increasing contributed surplus to \$1,636,447 (2008 - \$1,548,110).

Accumulated other comprehensive loss records the unrealized gain (loss) on marketable securities and decreased to \$553,124 (2008 - \$937,289). The fourth quarter adjustment was \$50,125 (2008 – \$(289,191)) resulting from unrealized gains on securities in the quarter.

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

December 31, 2009

Transactions with Related Parties

- Management fees of \$30,000 (2008 - \$60,000) were paid to a related party which has common directors.
- Director's fees were paid in the amount of \$35,750 (2008 - \$34,750).
- Accounting fees of \$4,550 (2008 - \$16,375) were paid to a director and officer of the Company.
- Legal fees of \$15,331 (2008 - \$57,764) were paid to a law firm of which a director is a partner.
- Consulting fees of \$48,500 (2008 – nil) were paid to a director and officer of the Company.
- Operating expenses of \$68,823 (2008 – \$166,607) were paid to related companies which have common directors. As at December 31, 2009 \$4,051 (2008 - \$45,983) is included in accounts payable and accrued liabilities.
- Exploration and related expenses of \$78,749 (2008 – \$21,159) were paid to a related companies which have common directors. As at December 31, 2009 \$53,158 (2008 - \$3,180) is included in accounts payable and accrued liabilities.

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.

Disclosure of Outstanding Share Data

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

At April 2, 2010, the Company had 51,812,545 (2008 - 50,682,545) common shares issued and outstanding.

The Company has 3,000,000 (2008 – 3,000,000) employee stock options outstanding with expiry dates from June 29, 2012 to July 22, 2013 exercisable at \$0.40. On May 22, 2009, the Company re-priced 3,000,000 options from exercise prices ranging from \$0.50 to \$1.00, setting a new exercise price of \$.40. The vesting provisions and expiry dates of the re-priced options remain unchanged.

The Company has 2,358,000 (2008 - 3,563,000) 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. During the year 1,205,000 reserved shares expired.

The Company has 891,617 (2008 – 891,617) warrants outstanding with an expiry date of October 31, 2010, exercisable at \$1.10. The expiry date of these warrants was extended from April 30, 2009 (see news release April 23, 2009).

Subsequent Events

The Company received 112,500 shares and \$15,000 cash from Northern Freegold Resources Ltd for the Severance option agreement.

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

December 31, 2009

On March 12, 2010, the Company completed a private placement of 1,050,000 flow-through shares at \$0.40 per share, and the issuance of 80,000 non-flow through shares as finders fees.

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.

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 under "Company Profiles" and "Copper Canyon".

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

December 31, 2009

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.

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 \$685,000 in its treasury, \$384,000 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.

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

December 31, 2009

On behalf of the Board of Directors

Signed,

“Tim J. Termuende”

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