
Copper Canyon Resources Ltd.
(A Development Stage Company)
Management Discussion and Analysis
Dated as of April 23, 2007

December 31, 2006

Management Discussion and Analysis
Period End and Fourth Quarter, 2006

Management's discussion and analysis ("MD&A") provides a discussion of the Company's financial and operating results for the quarter and the initial period from June 15, 2006 to December 31, 2006. This MD&A should be read in conjunction with the 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.

The Company holds interests in 3 properties, 2 in British Columbia and one in the Yukon, of which one is currently under joint venture with a third party.

Plan of Arrangement

Copper Canyon was formed pursuant to the approval of a plan of arrangement by the shareholders of Eagle Plains Resources Ltd. on June 9, 2006 and implemented June 15, 2006.

Under the terms of the arrangement, three of Eagle Plains' existing projects, Copper Canyon, Severance and Abo (Harrison) Gold, were transferred into Copper Canyon Resources Ltd. ("Copper Canyon").

Eagle Plains' shareholders of record on closing of the arrangement received one share of Copper Canyon for every one Eagle Plains share held. Eagle Plains transferred \$650,000 cash to Copper Canyon to provide working capital and exploration funding. Copper Canyon is listed on the TSX Venture Exchange under the symbol CPY.

The reorganization was designed to improve the identification and valuation of specific Eagle Plains' properties and to enable the companies to separately finance and develop their various assets, selectively, reducing stock dilution.

The formation of Copper Canyon will oversee through indirect participation the development of the Copper Canyon project and secondly, to direct and complete exploration programs on the Abo and Severance properties. The formation of Copper Canyon will allow Eagle Plains to continue to focus on its core business model of acquiring and advancing grass roots base and precious metal exploration properties.

Included in the plan of arrangement is an agreement whereby those entitled to exercise options within Eagle Plains will receive an equal number of Copper Canyon shares. The proceeds from the exercise of options will be split between Eagle Plains and Copper Canyon Resources per the plan of arrangement.

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Selected Annual Information

Selected annual information from the audited financial statements for the seven months ended 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.

	2006
Total Revenues	nil
Loss for the year	124,664
Loss per share	0.0030
Diluted loss per share	0.0030
Total assets	899,832
Total long term liabilities	nil
Cash dividends per share	nil

Results of Operations

The Company began operations June 15, 2006. There has been minimal activity, with the Company just getting started, other than basic start up costs.

At December 31, 2006, the Company had working capital of \$103,025.

At December 31, 2006, the Company held cash of \$119,861. During the year, the Company received \$650,000 from Eagle Plains Resources Ltd. as per the plan of arrangement agreement.

Accounts receivable of \$20,014 were received subsequent to the year end.

Mineral exploration properties are the three properties transferred from Eagle Plains. Copper Canyon recorded at \$588,933, Abo recorded at \$101,336 and Severance recorded at \$64,016. During the year investment in mineral properties increased \$5,672 due to expenditures on the Severance property resulting in a total investment of \$759,957.

Accounts payable represent professional fees and public company costs incurred in the quarter.

The Company reported a net loss of \$124,664 for the year. This loss results from administrative office costs, insurance, investor relations, professional fees and public company costs required to start the Company. In the fourth quarter, the Company retained the services of Blackmont Capital to provide financial advice and collaborate on strategic alternatives available to Copper Canyon in light of formal offers to purchase NovaGold Resources Inc. and Pioneer Metals Corp. announced by Barrick Gold Corporation on August 4th, 2006 for a fee of \$60,000.

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Summary of Quarterly Results

Year	2006	2006	2006
Quarter	Dec 31	Sep 30	Jun 30
Revenues	nil	nil	nil
Investment Revenues	2,172	nil	nil
Net Loss	75,732	43,778	5,154
Loss per Share	0.0030	0.0009	0.0001
Diluted Loss per share	0.0030	0.0008	0.0001

The December 31 quarter loss is high due to payment of consulting fees to Blackmont Capital of \$60,000, management fees of \$30,000, director's fees of \$16,500 and audit accrual fees of \$23,250 less a future income tax recovery of \$69,032.

Subsequent Events

Subsequent to the year end, the Company received 74,074 shares of NovaGold Resources Ltd. as required under the Copper Canyon Option Agreement. NovaGold shares were trading at \$19.89 when received and valued at \$1,473,332.

On March 26, 2007, the Company executed an option agreement 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 to Copper Canyon.

Liquidity and Capital Resources

At December 31, 2006, the Company had cash and cash equivalents of \$119,861 which will provide working capital.

Transactions with Related Parties

- Director's fees were paid in the amount of \$16,500.
- During the year, legal fees of \$9,155 were paid to a company of which a director is a partner.
- Management fees of \$30,000 and other costs of \$36,180 were paid to Eagle Plains Resources Ltd.
- Accounting fees of \$4,250 were paid to a director and officer of the Company.

These amounts were incurred in the ordinary course of business.

Fourth Quarter

The Company reported a net loss of \$97,440 for the quarter. This loss was created by management fees paid to Eagle Plains Resources of \$30,000, consulting fees to Blackmont Capital of \$60,000, directors fees paid of \$16,500 in addition to audit, legal and public company costs of \$36,606 less a future income tax recovery of \$69,032.

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In the fourth quarter, the Company retained the services of Blackmont Capital to provide financial advice and collaborate on strategic alternatives available to Copper Canyon in light of formal offers to purchase NovaGold Resources Inc. and Pioneer Metals Corp. announced by Barrick Gold Corporation on August 4th, 2006 for a fee of \$60,000.

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 the new accounting rules used for the Company, 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 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 recorded \$754,285 for mineral properties acquired under the plan of arrangement and incurred expenditures of \$5,672 resulting in a total investment in mineral exploration properties of \$759,957 at December 31, 2006.

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	<u>Mineral Property Interest</u>		
	<u>Properties transferred per plan of arrangement</u>	<u>Acquisition and Exploration costs incurred</u>	<u>December 31 2006</u>
British Columbia			
Copper Canyon	\$ 588,933	\$ -	\$ 588,933
Abo (Harrison-gold)	101,336	-	101,336
Yukon			
Severance project	64,016	5,642	69,658
	<u>\$ 754,285</u>	<u>\$ 5,642</u>	<u>\$ 759,927</u>

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, 2006, the Company had 48,351,810 common shares issued and outstanding. There are no other classes of shares outstanding.

A detailed schedule of Share Capital is included in the Company's audited financial statements.

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.

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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 period ending December 31, 2006.

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

The CICA has issued two new standards that will be relevant to the Company's consolidated financial statements subsequent to December 31, 2006.

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.

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.

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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 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

Copper Canyon’s management continues to focus its efforts on locating economic mineralization, to ultimately provide financial reward to our shareholders. We appreciate the patience, loyalty and ongoing support of the Company’s shareholders.

On behalf of the Board of Directors

Signed,

“Tim J. Termuende”

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