



**MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

**FOR THE THREE AND NINE MONTHS ENDED
JULY 31, 2018 and 2017**

(Expressed in Canadian Dollars)

As of September 26, 2018

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DISTRICT MINING CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Three and Nine Months Ended July 31, 2018 and 2017

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of District Copper Corp., formerly Carmax Mining Corp., (referred to as "District", the "Company", "us" or "our") provides analysis of the Company's financial results for the three and nine months ended July 31, 2018. The following information should be read in conjunction with the accompanying audited annual financial statements for the year ended October 31, 2017, and the notes to those financial statements, prepared in accordance with IAS 34 under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Please also refer to the tables starting on page 8 of this MD&A which compares certain financial results for the three and nine months ended July 31, 2018 and 2017. Financial information contained herein is expressed in Canadian dollars, unless otherwise stated. All information in this MD&A is current as of June 26, 2018 unless otherwise indicated. This MD&A is intended to supplement and complement District's unaudited condensed interim financial statements for the three and nine months ended July 31, 2018 and the notes thereto. Readers are cautioned that this MD&A contains "forward-looking statements" and that actual events may vary from management's expectations. This MD&A was reviewed, approved and authorized for issue by the Company's Audit Committee, on behalf of the Board of Directors, on June 26, 2018.

Description of Business

District is a public company incorporated in British Columbia, under the "Canadian Business Corporation Act" and its common shares are listed on the TSX Venture Exchange (the "TSX-V"); under the trading symbol "DCOP.V". The Company maintains its head office at 142-1146 Pacific Blvd., Vancouver, British Columbia, Canada, V6Z 2X7.

The Company's principal business activity is the exploration of the Eaglehead Copper Project, located in the Liard Mining Division in northern British Columbia.

On July 31, 2018 and September 26, 2018, the Company had (i) 84,241,618 common shares issued and outstanding; (ii) 23,352,942 share purchase warrants to acquire common shares outstanding and (iii) 2,350,000 options to acquire common shares outstanding.

Head Office

142 - 1146 Pacific Blvd.
Vancouver, BC V6Z 2X7
Canada
Tel: +1-604-620-7737

Share Information

Our common shares are listed for trading on the TSX-V under the symbol "DCOP.V".

Investor Information

Financial reports, news releases and corporate information can be accessed on our website at www.districtcoppercorp.com and on SEDAR at www.sedar.com

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As at the date of this MD&A, District Copper's directors and officers are as follows:

Directors

Elmer Stewart (Chairman)
Jevin Werbes
Chris Healey
J. Michael Smith
Hrayr Agnerian

Officers and Position

Jevin Werbes, President and Chief Executive Officer
Braden Jensen, Chief Financial Officer
Cam Grundstrom, Chief Operating Officer

Audit Committee

J. Michael Smith (Chairman)
Elmer Stewart
Chris Healey
Jevin Werbes (Non-Independent)

Compensation Committee

Chris Healey
J. Michael Smith
Jevin Werbes

Qualified Person

Mr. Elmer B. Stewart, MSc. P. Geol., Director of the Company, is the Qualified Person as defined under NI 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") who has reviewed and approved all technical and scientific disclosure contained in this MD&A regarding the Company's mineral properties.

2. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable and prepared in accordance with IFRS. The Company's Board follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee meets with management and the Company's external auditor to review the financial statements and the MD&A, as well as to discuss other financial, operating and internal control matters.

During the nine months ended July 31, 2018, no significant changes have occurred that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial preparation and presentation.

3. DISCLOSURE CONTROLS AND PROCEDURES

The Company's management is also responsible for the design and effectiveness of disclosure controls and procedures that are intended to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management, including the Chief Executive Officer and the Chief Financial Officer of the Company, have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at July 31, 2018. There have been no changes in the Company's

disclosure controls and procedures during the nine months ended July 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's disclosure controls and Procedures. Based on this evaluation, management has concluded that the Company's disclosure controls and procedures were effective as at July 31, 2018.

4. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "*forward-looking statements*" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. **Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.**

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities. Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements considering the risk factors set forth below and as further detailed in the "*Risks and Uncertainties*" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects; the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of

minerals, operating parameters and costs, receiving project permits and approvals, successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations; risks of litigation and other risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

5. NINE MONTHS ENDED JULY 31, 2018 HIGHLIGHTS AND SIGNIFICANT EVENTS

- On February 12, 2018, the Company provided the results of the compilation of historical and current exploration data for its Eaglehead porphyry copper project. The compilation showed that in addition to the multiple zones of porphyry style mineralization located to date, two previously unexplored large exploration targets were defined, and that the mineralization has a similar age to other large porphyry copper deposits in British Columbia. The compilation concluded that based on the geophysical signature, several the zones of mineralization could be connected and that a significantly larger portion of the Eaglehead intrusion has the potential to host increased porphyry copper style mineralization than previously thought.
- On March 22, 2018, District announced their intention of making a non-brokered private placement of up to 18,750,000 units at a price of \$0.08 per unit for gross proceeds of \$1,500,000. Each unit consists of one share and one share purchase warrant which allows the holder to purchase one additional share of the District's capital stock at a price of \$0.12 per share for each warrant held with the warrants expiring two years from the date of the closing of the private placement.

The warrants will have an early acceleration provision wherein the warrants will become callable on 21 days' notice in the event the Company's shares trade at a price of \$0.25 per share or greater for a 30 day trading period after the four month hold period expires on the securities sold pursuant to the placement.

- On March 29, 2018, District closed its previously announced private placement. The non-brokered private placement consisted of 18,750,000 units at a price of \$0.08 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share of the Company and one transferable share purchase warrant with one full warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.12 for a period of two years following the date of closing.

Finder's fees of \$48,048, filing fees of \$7,500 and legal fees of \$47,608 were paid with respect to this financing.

- On April 19, 2018, District announce the appointment of Mr. Cam B. Grundstrom to the position of Chief Operating Officer. Mr. Grundstrom, (B.Sc. Eng.), is a mining engineer with 36 years of operating and development experience in key management positions in large mining projects in Canada, USA, and overseas. Most recently, Mr. Grundstrom served as Vice President of Operations with Copper Fox Metals Inc.
- On May 8, 2018, District acquired additional mineral tenures located contiguous to its 100% owned Eaglehead project (see news release dated April 9, 2018).

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Highlights of the transaction were:

- Approximately 2,400 ha in 3 mineral tenures located contiguous to the northern boundary of the Eaglehead project,
 - Purchase price consisted of \$15,000 and 3,900,000 shares of District,
 - The vendor will retain a 2% NSR on production from the project;
 - District retains the right to re-purchase up to 1.5% of the 2% NSR for a purchase price of \$1,000,000.
- On June 1, 2018, District announced that at the annual meeting of the Company held May 31, 2018, shareholders of District approved a special resolution authorizing the Company to change its name to "*District Copper Corp.*" subject to Exchange approval. The effective date of the name change would be established after the consent of the TSX Venture Exchange is received.
 - On July 3, 2018, the Company changed its name from Carmax Mining Corp to District Copper Corp.
 - On July 12, 2018, the Company issued 6,470,352 flow-through shares, pursuant to a private placement, for gross proceeds of \$549,980.

Finder's fees of \$30,000, filing fees of \$1,382, legal fees of \$32,883 and the issuance of 352,942 finder's warrants were paid with respect to this financing.

Each broker warrant is exercisable into one common share at \$0.085 until July 12, 2020.

Subsequent to the period end:

- On August 15, 2018, the Company executed an agreement with an arm's length third party to acquire, subject to TSX Venture Exchange approval, a 100% interest in and to a 130 sq. km (521 claims (13,025 ha)) land package referred to as the Stoney Lake East Project.

The Stony Lake East project is contiguous to and on strike with, Sokoman Iron Corporation's high-grade, low-sulfidation, epithermal-style Moosehead Gold Project located in the Province of Newfoundland.

6. PROPERTY SUMMARY

Eaglehead Property

The Eaglehead copper-molybdenum-gold property is an intrusion hosted, intermediate stage exploration project that covers 13,540 Ha. located in the Liard Mining District in northern British Columbia, approximately 40 kilometers east of Dease Lake.

In 2012, Roscoe Postle Associates Inc. prepared a National Instrument 43-101 Technical Report on the Eaglehead property which included a Mineral Resources estimate on the East and Bornite zones located within the property. The Technical Report prepared by B. McDonough, P. Geo. and D. Rennie, P. Eng. as Qualified Persons was filed on SEDAR on June 29, 2012 (see news release dated July 4, 2012). The Inferred Mineral Resource estimate totals 102.5 million tonnes at an average grade of 0.29% Cu, 0.010% Mo, and 0.08 g/t Au. The resources were estimated at a cut-off grade of 0.16% copper equivalent contained within a pit shell.

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The reader is cautioned that a significant amount of work has been completed on the Eaglehead project since the date of the Technical Report including geophysical surveys, metallurgical studies and re-logging and re-sampling and sampling of a significant number of historical drill holes. Several of the input parameters used in the Technical Report have changed. The resource estimation and conclusions of the Technical Report may not be realized.

During Q3 2018, a preparation of a proposed exploration program and the permitting process to obtain an Amended Mines Act permit to conduct the proposed 2018 program were completed.

The proposed 2018 program consisted of two phases and was initially estimated to cost approximately \$750,000. Phase 1 consisted of re-logging historical drill holes, surveying of drill hole collars, mapping and sampling of the large exploration targets located north of the Pass and Camp zones. The Phase 1 portion of the 2018 exploration program commenced in June 2018 and was completed in September 2018. The Phase 2 portion of the proposed 2018 program was not completed due to lack of funding.

2018 Exploration Program

The objective of the 2018 program was to assess and expand the resource potential of the Eaglehead project. Despite the smaller program, a considerable amount of additional lithological and analytical exploration data was collected by the re-logging program on drill holes from the Camp, Pass, Bornite and East zones.

Land Acquisition

The exploration target located north of the Pass and Camp zones covers an area of approximately 3 kms by 2 kms. This target exhibits copper mineralization in outcrop; a copper and molybdenum in soil geochemical anomaly and a chargeability anomaly (+10 millirad) located inside regional scale magnetite destructive and potassium geophysical anomalies that extends to the north beyond the project boundaries. The additional mineral tenures acquired in May 2018 covers the northern extension of these geophysical anomalies.

Historical Drill Holes

Thirty three historical drill holes from the East, Bornite, Pass and Camp zones were re-logged to the standards established in 2014. Sampling (total of 891 samples) of previously un-split core intervals and re-sampling of previously sampled intervals for copper-gold-molybdenum-silver analysis was also completed. A number of the previously un-sampled intervals in these drill core contained visible copper (chalcopyrite and or bornite) and molybdenite mineralization. Analytical results will be released when received, compiled and interpreted.

Drill Hole Surveying

Surveying to an engineering level of detail (Northing, Easting and Elevation of the drill collars) for 111 drill holes on the project was completed. This information and level of detail is required before any future resource update for the project could be undertaken. District has no plans to complete an updated resource estimation at this time.

Mapping

The portion of the Eaglehead intrusive located north of the Pass and Camp zones was mapped and prospected to collect geological information on the structural controls on the mineralization/alteration exposed in this area. This information will be extrapolated to update the geological model for the East, Bornite, Pass and Camp zones.

The Amended Mines Act permit required to conduct the 2018 exploration program was received from the Ministry of Energy and Mines for the Province of British Columbia. Pursuant to the receipt of the Amended Mines Act permit, District was required to increase its reclamation bonding for the Eaglehead project by an additional \$32,000, bringing the total reclamation bond held by the Province of British Columbia to \$212,000.

Stony Lake East Project Acquisition

On August 15, 2018, District announced that it had executed an agreement with an arm's length third party to acquire, subject to TSX Venture Exchange approval, a 100% interest in and to a 130 sq. km (521 claims (13,025 ha)) land package referred to as the Stoney Lake East Project.

The Stony Lake East project is contiguous to and on strike with, Sokoman Iron Corporation's ("**Sokoman**") high-grade, low-sulfidation, epithermal-style Moosehead Gold Project located in the Province of Newfoundland. Sokoman has reported that:

- drill hole, MH-18-01, (see Sokoman's News Release dated July 24, 2017) returned 11.9 m of 44.96 g/t gold from 109.0 m to 120.9 m, and
- drill hole MH-18-08 intersected 1.05 m of 207.1 g/t gold from 8.50 to 9.55m and 2.28m of 42.36g/t gold from 33.07 to 35.35m (see Sokoman news release dated August 28, 2018).

Regional Setting

The Property is located within a regional structural zone striking through Southwest, Central and Northeast Newfoundland that controls the distribution of gold mineralization in this part of Newfoundland. This structural zone hosts a number of gold deposits including Marathon's Valentine Lake gold camp, Antler Gold's recently discovered high-grade Twilight zone, the Sokoman Moosehead discovery and possibly the Stony Lake East gold showings.

Project Description/Exploration Results

The Stony Lake project boundary is located 2.5 km southwest of Sokoman's high-grade gold discovery drill hole and covers approximately 27 km of strike length of upper Silurian age sandstones-siltstones. Six large exploration targets have been identified within the project that exhibit a combination of some or all of the following;

- 18 known gold occurrences that exhibit epithermal style alteration and mineralization in bedrock / sub crop with rock grab sample results of up to 15.1 g/t gold;
- Soil, till and lake sediment sampling has identified multiple, coincident, large gold geochemical anomalies;
- lower-grade (<4 g Au/t) auriferous alteration zones (argillic and silicification);
- linear quartz-rich zones with gold concentration ranging from highly anomalous to gold values up to 15.1 g Au/t.;

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The gold mineralization on the property is hosted in quartz veins, stockworks and quartz breccia exhibiting crustiform, cockscomb and chalcedonic banding that contains low levels (total sulfide is generally <2-3%) of fine-grained disseminated pyrite, arsenopyrite and sulfosalts. Ginguro-style banding (a feature of epithermal style gold mineralization) has been reported at several localities with highly anomalous concentrations of gold silver and antimony.

The property has not had a thorough evaluation as a gold environment despite the numerous gold showings and highly anomalous gold geochemical results within and adjacent to the Project area. Historical exploration activities on the property include: preliminary regional geochemical sampling, limited prospecting, no diamond drilling except for a small area on the property and partial airborne geophysical coverage.

7. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

	July 31, 2018 3 Months Ended	April 30, 2018 3 Months Ended	January 31, 2018 3 Months Ended	October 31, 2017 3 Months Ended
Loss before non-operating items and taxes	\$ 284,581	\$ 272,207	\$ 77,007	\$ 103,611
Net loss	284,099	271,988	76,623	103,599
Net Loss per common share, basic and diluted	0.00	0.00	0.00	0.00
Comprehensive loss	284,099	271,988	76,623	85,099
Net Comprehensive loss per common share, basic and diluted	0.00	0.00	0.00	0.00

	July 31, 2017 3 Months Ended	April 30, 2017 3 Months Ended	January 31, 2017 3 Months Ended	October 31, 2016 3 Months Ended
Loss before non-operating items and taxes	\$ 50,959	\$ 80,351	\$ 35,285	\$ 59,735
Net loss	50,716	99,202	34,469	54,833
Net Loss per common share, basic and diluted	0.00	0.00	0.00	0.00
Comprehensive loss	50,716	99,202	34,469	51,333
Net Comprehensive loss per common share, basic and diluted	0.00	0.00	0.00	0.00

The Company's quarterly operating expenses increased by \$12,374 in Q3 2018 compared to Q2 2018 due to an increase in consulting fees.

8. DISCUSSION OF OPERATIONS**Three Months Ended July 31, 2018 Compared to Three Months Ended July 31, 2017**

For the three months ended July 31, 2018, the Company recorded a comprehensive loss of \$284,099 or \$0.00 per share compared to a comprehensive loss of \$50,716 or \$0.00 per share in the comparable three months ended July 31, 2017. The increase in comprehensive loss of \$233,383 is due primarily to an increase in consulting fees.

	Three Months Ended July 31, 2018	Three Months Ended July 31, 2017	Discussion
Accretion	\$23	\$23	Accretion was unchanged.

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	Three Months Ended July 31, 2018	Three Months Ended July 31, 2017	Discussion
Consulting	\$215,719	\$43,750	Consulting increased by due to District hiring additional consultants to assist with the Q2 and Q3 2018 financing.
Director Fees	\$5,500	\$Nil	Directors' fees increased because of there being no directors' fees in Q3 2017 due to a lack of cash within the Company at that time.
Office	\$17,612	\$203	Office expenses increased due to a lack of activity and the Company conserving cash in Q3 2017.
Professional Fees	\$3,278	\$845	Professional fees increased due to the Q3 2018 private placement.
Promotion and Entertainment	\$5,227	\$Nil	Promotion and entertainment increased due to a lack of activity and the Company conserving cash in Q3 2017.
Rent	\$5,250	\$4,250	Rent increased due to an increase of \$500 per month in rent, commencing July 1, 2017.
Shareholder Communications	\$11,296	\$750	Shareholder communications increased due to the increase in news releases in Q3 2018.
Transfer Agent and Regulatory Fees	\$5,810	\$1,138	Transfer agent and regulatory fees increased slightly due to additional filings in Q3 2018 because of increased Company activity.
Travel	\$14,866	\$Nil	Travel increased due to a lack of activity and the Company conserving cash in Q3 2017.
Interest Income	(\$482)	(\$243)	Interest income increased due to a larger GIC balance in Q3 2018.

Nine Months Ended July 31, 2018 Compared to Nine Months Ended July 31, 2017

For the nine months ended July 31, 2018, the Company recorded a comprehensive loss of \$348,611 or \$0.01 per share compared to a comprehensive loss of \$133,841 or \$0.00 per share in the comparable nine months ended July 31, 2017. The increase in comprehensive loss of \$214,770 is due to an increase in consulting fees.

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	Nine Months Ended July 31, 2018	Nine Months Ended July 31, 2017	Discussion
Accretion	\$69	\$69	Accretion was unchanged.
Consulting	\$503,886	\$119,825	Consulting increased due to District hiring additional consultants to assist with the Q2 and Q3 2018 financing.
Director Fees	\$14,500	\$3,500	Directors' fees increased because of there being no directors' fees in Q2 or Q3 2017 due to a lack of cash within the Company at that time.
Office	\$24,780	\$5,879	Office expenses increased due to a lack of activity and the Company conserving cash in Q2 and Q3 2017.
Professional Fees	\$12,862	\$9,159	Professional fees increased due to the increase in private placements in 2018.
Promotion and Entertainment	\$6,750	\$1,952	Promotion and entertainment increased due to a lack of activity and the Company conserving cash in 2017.
Rent	\$15,750	\$11,750	Rent increased due to an increase of \$500 per month in rent, commencing July 1, 2017.
Shareholder Communications	\$22,202	\$4,039	Shareholder communications increased due to an increase in news releases because of increased Company activity.
Transfer Agent and Regulatory Fees	\$16,424	\$9,130	Transfer agent and regulatory fees increased due to additional filings because of increased Company activity.
Travel	\$16,571	\$1,246	Travel increased due to increased Company activity.
Interest Income	(\$1,084)	(\$1,208)	Interest income decreased due to a larger GIC balance during the nine months ended July 31, 2017.
Loss on Sale of Investment	\$Nil	\$19,000	The decrease in loss on sale of investment is due to District selling 100,000 shares of Alexandria Minerals in February 2017 at a loss.

9. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As an exploration company, District has no regular cash in-flow from operations, and the level of operations is principally a function of availability of capital resources. To date, the principal source of funding has been equity financing.

As at July 31, 2018, the Company had a cash balance of \$799,852 (October 31, 2017 - \$72,048). For the foreseeable future, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt.

Major expenditures are required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration and development mineral properties are dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete exploration, development and future profitable production or proceeds from disposition of mineral assets.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount or written off.

Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favorable terms for these or other purposes including general working capital purposes. District's audited annual financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should District be unable to continue as a going concern.

Working Capital

As at July 31, 2018, District had a working capital of \$716,124 (October 31, 2017 - (\$68,073)). The working capital increased in July 31, 2018 compared to October 31, 2017 is due to the March 29, 2018 and July 12, 2018 private placements, offset by the increase in overall operating activities and consulting fees. The Company manages its working capital by tightly controlling its operational and property spending. Due to the planned exploration of the Eaglehead project in fiscal 2018, District intends to continue to incur expenditures without revenues, and accumulate operating losses. Therefore, the Company's continuance as a going concern is solely dependent upon its ability to obtain adequate financing necessary to fund future exploration and development. It is not possible to predict whether future financing efforts will be successful or whether financing on favorable terms will be available.

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District has no long-term debt and no long-term liabilities, other than its decommissioning provision of \$36,192 (October 31, 2017 - \$36,123). The Company has no capital lease obligations, operating or any other long-term obligations, other than its monthly office rent of \$1,750.

Cash Flow Highlights

	Nine Months Ended July 31, 2018	Nine Months Ended July 31, 2017
Cash used in operating activities	\$ (659,437)	\$ (73,722)
Cash used in investing activities	(875,305)	(81,620)
Cash provided by financing activities	2,262,546	25,000
Increase/(decrease) in cash for the period	727,804	(130,342)
Cash, beginning of year	72,048	130,730
Cash, End of Period	\$ 799,852	\$ 388

Capital Risk Management

District Copper's capital structure consists of common shares, stock options and warrants. The Company manages its capital structure and adjusts it, based on available funds, to support the acquisition and exploration of mineral properties. The Board does not establish quantitative returns on capital criteria for management.

The properties in which District currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. To carry out and pay for planned exploration and development, along with operating administrative costs, the Company will fund such costs out of anticipated future working capital predicated upon additional amounts being raised.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended July 31, 2018. The Company's invests its surplus cash in highly liquid short-term interest-bearing investments with maturities of six months or less from the original date of acquisition, all held with major Canadian financial institutions.

10. TRANSACTIONS WITH RELATED PARTIES

Key management personnel are the persons responsible for the planning, directing and controlling of the Company's activities, and include executive directors, as well as entities controlled by such persons.

At July 31, 2018, included in accounts payable and accrued liabilities is \$1,250 (October 31, 2017 – \$400) owing to a company controlled by a director, \$Nil (October 31, 2017 - \$15,000) owing to a director of the Company and \$27,140 (October 31, 2017 - \$72,108) owing to Copper Fox. These amounts payable are non-interest bearing, unsecured and have no specific terms of repayment.

For the nine month period ended July 31, 2018, \$Nil (July 31, 2017 - \$2,500) was paid in rent to a company controlled by an officer of District. In addition, \$Nil (October 31, 2017 - \$12,000) was paid and capitalized to Eaglehead for services rendered by a company which is controlled by a director.

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As at July 31, 2018 and October 31, 2017, coupled with the nine months ended July 31, 2018 and 2017, the Company incurred the following capitalizations and expenditures for key management personnel and the companies that are directly controlled by them.

	As at July 31, 2018		As at October 31, 2017	
<i>Balance Sheet Items:</i>				
Exploration and evaluation assets	\$	-	\$	12,000
Total	\$	-	\$	12,000
<hr/>				
	Nine Months Ended July 31, 2018		Nine Months Ended July 31, 2017	
<i>Statement of Operations Items:</i>				
Consulting	\$	118,667	\$	103,500
Director fees		14,500		3,500
Rent		-		2,500
Total	\$	133,167	\$	109,500

Promissory Note

On October 28, 2015 District entered into a promissory note loan (the "Loan") with Copper Fox, whereas Copper Fox agreed to lend District up to \$400,000, in minimum increments of \$50,000, for working capital purposes, as needed. District shall pay interest on the principle, from the disbursement date to the due date, November 30, 2019, at a rate of 1% per annum, compounded annually.

At any time during the term of the Loan, Copper Fox, at its sole discretion, can convert a portion or the entire loan outstanding, including unpaid interest, into free trading shares of District at a price equal to the greater of \$0.10 or the trading price, subject to the prior approval of the exchange.

For accounting purposes, the promissory note is considered a liability since the conversion feature is not "fixed for fixed" and is therefore considered an embedded derivative. However, the embedded derivative liability has no value as the conversion price is set at the market price on the date of the conversion. Therefore, the full value of the promissory note is classified as a liability.

On April 2, 2018, District repaid the promissory note outstanding and accrued interest in full to Copper Fox.

Loan Payable

During the year ended October 31, 2017, the Company received a \$25,000 working capital loan from Copper Fox.

On April 2, 2018, District repaid the loan payable outstanding in full to Copper Fox.

11. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Board, through the Audit Committee, is responsible for identifying the principal risks facing the Company and ensuring that risk management systems are implemented. The Company manages its exposure to financial risks, including credit risk, liquidity risk, interest rate risk, foreign exchange rate risk and commodity price risk in accordance with its risk management framework. The Board periodically reviews the Company's policies.

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The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at July 31, 2018, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

The Company's financial assets, measured at fair value, are categorized as follows:

	Input Level	As at July 31, 2018		As at October 31, 2017	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 799,852	\$ 799,852	\$ 72,048	\$ 72,048
Total		\$ 799,852	\$ 799,852	\$ 72,048	\$ 72,048

Fair Value

The estimated fair value of cash, established by IFRS 7, is the estimated and respective carrying value.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

Risk Management

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and short-term investments. To minimize the credit risk the Company places cash with the high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

b) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at July 31, 2018, the Company had cash aggregating \$799,852 (October 31, 2017 - \$72,048) and current financial liabilities of \$99,668 (October 31, 2017 - \$143,851) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

c) Market Risk

i) Interest Rate Risk

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and investments.

ii) Foreign Exchange Risk

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise because of exchange rate changes.

As at July 31, 2018, the Company held no financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

iii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. RISKS AND UNCERTAINTIES

A discussion of the risks and uncertainties that District faces can be found in the Company's audited annual financial statements for the year ended October 31, 2017 (available under District Copper's SEDAR profile at www.sedar.com). Furthermore, additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations in the future.

13. PROPOSED TRANSACTIONS

District does not currently have any proposed transactions; however, the Company from time to time does review potential property acquisitions and divestitures, in addition to conducting further exploration work on its property. The Company releases appropriate public disclosure as it conducts exploration work on its existing property and if the Company acquires or divestiture.

14. DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

a) Authorized

An unlimited number of common shares without par value.

b) Issued and Outstanding

During the nine month period ended July 31, 2018, the Company incurred the following share issuance:

- On March 29, 2018, the Company issued 18,750,000 units at \$0.08 per unit, pursuant to a private placement, for gross proceeds of \$1,500,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.12 until March 29, 2020.

The warrants will have an early acceleration provision wherein the warrants will become callable on 21 days' notice in the event the Company's shares trade at a price of \$0.25 per share or greater for a 30-day trading period after the four month hold period expires.

Finders' fees of \$48,048, filing fees of \$7,500 and legal fees of \$47,608 were paid with respect to this financing.

- On July 12, 2018 the Company issued 6,470,352 flow-through shares, pursuant to a private placement, for gross proceeds of \$549,980.

Finder's fees of \$30,000, filing fees of \$1,382, legal fees of \$32,883 and the issuance of 352,942 finder's warrants were paid with respect to this financing.

Each broker warrant is exercisable into one common share at \$0.085 until July 12, 2020.

During the year ended October 31, 2017, the Company incurred the following share issuance:

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- On August 28, 2017, the Company issued 4,250,000 post-consolidation units at \$0.06 per unit, pursuant to a private placement, for gross proceeds of \$255,000. Each unit consists of one common share and one callable share purchase warrant. Each share purchase warrant is exercisable into one common share at \$0.10 until February 28, 2019.

Finders' fees of \$800, filing fees of \$1,275 and legal fees of \$8,781 were paid with respect to this financing.

- On November 17, 2017, the Company consolidated its share capital on the basis of one post consolidated common share for every two pre-consolidated common shares. All common share and per common share amounts, including options and warrants, in these financial statements have been adjusted to give retroactive effect to the share consolidation.

c) Warrants

A summary of changes in share purchase warrants as of the date of this MD&A and the year ended October 31, 2017 is as follows:

	As at September 26, 2018		Year Ended October 31, 2017	
	Number of Warrants Outstanding	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year	4,250,000	\$ 0.100	8,090,225	\$ 0.166
Expired	-	-	(8,090,225)	(0.166)
Issued	19,102,942	0.119	4,250,000	0.100
Balance, End of Period	23,352,942	\$ 0.116	4,250,000	\$ 0.100

As at September 26, 2018 share purchase warrants outstanding and exercisable are as follows:

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of July 31, 2018	Warrant Expiry Date
4,250,000	\$ 0.100	4,250,000	February 28, 2019
18,750,000	0.120	-	March 29, 2020
352,942	0.085	-	July 12, 2020
23,352,942	\$ 0.116	23,000,000	

As at July 31, 2018, the weighted average remaining contractual life of the share purchase warrants was 1.470 years (October 31, 2017 – 1.33 years) and the weighted average exercise price was \$0.116 (October 31, 2017 - \$0.100).

d) Stock Options

As at the date of this MD&A, options outstanding for the purchase of common shares are as follows:

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Amount of Shares	Price Per Share	Amount Exercisable	Expiry Date
1,725,000	\$ 0.14	1,725,000	July 9, 2019
450,000	\$ 0.10	450,000	April 29, 2020
175,000	\$ 0.10	175,000	October 16, 2020
2,350,000	\$ 0.13	2,350,000	

15. OFF-BALANCE SHEET ARRANGEMENTS

During the nine months ended July 31, 2018, the Company was not party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

16. CHANGES IN ACCOUNTING STANDARDS

There were no changes in the Company's accounting policies during the nine months ended July 31, 2018. New and revised accounting standards and interpretations issued but not yet adopted are described in Note 2, "Basis of Presentation", of the audited financial statements for the year ended October 31, 2017.

17. CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is impaired in the Statement of Operations and Comprehensive Loss during the period the new information becomes available.

Depreciation

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment

The carrying value of property and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in the statement of operations and comprehensive loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

Site Closure and Decommissioning Provisions

The Company assesses its mineral property's decommissioning provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for decommissioning obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future decommissioning obligation. The actual future expenditures may differ from the amounts currently provided.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Contingencies

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or unasserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to disclose as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the Company's financial statements.

18. APPROVAL

The Audit Committee of District Copper Corp. has reviewed and approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and it is also available under our SEDAR profile at www.sedar.com.