DISTRICT COPPER

(formerly Carmax Mining Corp.)

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

FOR THE YEAR ENDED OCTOBER 31, 2018

(Expressed in Canadian Dollars)

As of January 24, 2019

CONTENTS

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 year ended October 31, 2018. The following information should be read in conjunction with the accompanying audited annual financial statements for the year ended October 31, 2018, 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 12 of this MD&A which compares certain financial results for the year ended October 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 January 23, 2019 unless otherwise indicated. This MD&A is intended to supplement and complement District's audited annual financial statements for the year ended October 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 January 23, 2019.

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 October 31, 2018 and January 23, 2019, 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

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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	**Officers and Position**
Elmer Stewart (Chairman)	Jevin Werbes, President and Chief Executive Officer
Jevin Werbes	Braden Jensen, Chief Financial Officer
Chris Healey	Cam Grundstrom, Chief Operating Officer
J. Michael Smith	Judy McCall, Corporate Secretary
Hrayr Agnerian	

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

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. DISCLOSURE OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and the periods presented by the financial statements; and (ii) the financial statements fairly present in all material aspects the financial condition, results of operations and cash flows of the Company, as of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"), this Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**") as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislations; and

ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

3. 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.

4. YEAR ENDED OCTOBER 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).

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, and
- 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 year ended:

- On August 15, 2018, the Company executed an agreement with an arm's length third party to acquire, subject to the TSX:V approval, a 100% interest in the Stoney Lake East Project. To acquire the project, the Company will issue 40,000,000 of its common shares to the current owners. The Project is subject to a 2% NSR, if the price of gold is US $2,000/oz. or less and a 3% NSR if the price of gold in above US $2,000/oz.

  On December 14, 2018, District Copper received conditional TSX:V approval for its proposed acquisition of the Stony Lake East Property. The conditional approval requires that the District Copper raises, by way of a private placement, no less than $400,000 in order to fund the first phase of the exploration program. The financing is expected to close on January 31, 2019.

5. PROPERTY SUMMARY

Eaglehead Property

The Company's 100% owned 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 constrained within a pit shell.

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.

The 2018 exploration program was completed at a cost of $650,092 and consisted of re-logging and re-sampling core from historical diamond drill holes located in the Camp, Pass, Bornite and East zones, surveying of diamond drill hole collars, mapping and sampling of the large exploration targets located north of the Pass and Camp zones. The 2018 exploration program commenced in June 2018 and was completed in September 2018. The Amended Mines Act permit required to complete the program was received from the Ministry of Energy and Mines for the Province of British Columbia pursuant to which, District was required to increase its bonding by an additional $32,000, bringing the total reclamation bond to $212,000.

<u>2018 Exploration Program</u>

Following completion of the compilation work in early 2018, the objective of the 2018 field program was to assess and expand the resource potential of the Eaglehead project. The 2018 work program advanced the technical understanding of the project and provide a significant amount of new exploration data on the Camp zone and the area located north of the mineralized area outlined to date. The main components of the 2018 program are outlined below.

Land Acquisition

The compilation work completed during Q2 2018 identified a large (3kms by 2 kms) exploration target located north of the Pass and Camp zones. This exploration target exhibits copper mineralization in an outcrop; a copper and molybdenum in soil geochemical anomaly and a positive chargeability anomaly (+10 millirad) located inside a coincident regional scale magnetite destructive and positive potassium geophysical anomaly. The compilation showed that the features characterizing the exploration target extend to the north beyond the property boundaries. The mineral tenures acquired in May 2018 covers the northern extension of the coincident geophysical anomaly.

Historical Drill Holes

Thirty three historical diamond drill holes (7,493 m) from the East, Bornite, Pass and Camp zones were re-logged to the standards established in 2014. Sampling (917 samples) of previously un-split drill 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 historical drill cores contained visible copper (chalcopyrite and or bornite) and molybdenite mineralization. The re-logging program provided additional lithology and alteration data to fill in data gaps in the Bornite, East, and Pass zones as well as provided a significant amount of lithologic and alteration data and the ability to verify historical analytical results reported in the diamond drill core logs from the Camp zone.

Drill Hole Surveying

Surveying to an engineering level of detail (Northing, Easting and Elevation of the drill collars) for 111 diamond 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 information on the structural controls on the mineralization/alteration exposed in this area. The new structural information will be extrapolated to update the geological model for the project and to provide realistic constraints on grade interpolations between diamond drill holes and possibly generate new exploration targets.

The 2018 mapping program indicated that the alteration in this part of the property is almost entirely fracture controlled. Widespread Potassic alteration is characterized by very sparse, millimeter-scale potassic envelopes around barren fractures. In most instances, the fractures are barren of sulfides or quartz; while some fractures were observed containing Chalcopyrite and quartz. Sericitic alteration is mainly restricted to prominent fracture zones within a distance of 1000 meters of Murmuring Creek. Pyrite and supergene weathering products (goethite, jarosite, and less commonly hematite) commonly occupied the center of the fractures along which sericitic alteration was focused. Propylitic alteration, defined as the replacement of plagioclase by epidote, was not observed and very little epidote in veinlets was encountered.

Copper-bearing veinlets commonly contain chrysocolla, malachite, and less commonly chalcopyrite, pitch limonite, neotocite. These veinlets occupy a wide range of orientations; the dominant fracture sets being northwest striking with a moderate northeast dip and north-northeast striking, with nearly vertically dipping veins.

The mapping program showed that faulting is not a major control on localization of copper mineralization. The mapping did not find evidence of a fault having the strike and dip of the Thibert Fault (a regional scale fault that crosses the property) in outcrop in the area where the Thibert Fault is shown to occur.

Stony Lake East Project Acquisition

On August 15, 2018, District announced that it executed an agreement with an arm's length third party to acquire, subject to TSX Venture Exchange approval (conditional approval was received on December 14, 2018), 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, Moosehead Gold Project located in the Province of Newfoundland. Sokoman reported:

- 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,
- 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),

- MH-18-17 returns 24.90 m core length grading 33.56 g/t Au; a 15 m step-out north of MH-18-01) (see Sokoman news release dated November 16, 2018), and
- Rig #2 cuts gold bearing vein system 1 km north of the Eastern and Western Trend area (see Sokoman news release dated November 16, 2018).

Regional Setting

The Property is located within a regional structural zone 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 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.

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.

On completion of the acquisition of the Stony Lake East project, the Company plans to complete the first phase of a recommended exploration program on the property that includes airborne geophysics, GIS, orthophoto imagery, and follow-up interpretation of the resulting data. The estimated cost of these activities is $400,000. This work is scheduled to commence in March 2019.

6. SELECTED ANNUAL RESULTS

	October 31, 2018 Year Ended	October 31, 2017 Year Ended	October 31, 2016 Year Ended
Loss before non-operating items	**$ 788,914**	$ 270,206	$ 327,585
Net loss	**669,555**	287,986	320,118
Comprehensive loss	**669,555**	269,486	316,618
Basic and Diluted Loss per Share	**$ 0.01**	$ 0.01	$ 0.01
Weighted Average Number of Shares Outstanding	**70,065,400**	51,616,468	47,912,359
Financial Position			
Total assets	**$ 12,677,471**	$ 10,847,205	$ 10,870,294
Non-current liabilities	**$ 235,327**	$ 138,133	$ 137,031

7. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

	October 31, 2018 3 Months Ended	July 31, 2018 3 Months Ended	April 30, 2018 3 Months Ended	January 31, 2018 3 Months Ended
Loss before non-operating items and taxes	**$ 155,119**	$ 284,581	$ 272,207	$ 77,007
Net loss	**36,845**	284,099	271,988	76,623
Net Loss per common share, basic and diluted	**0.00**	0.00	0.00	0.00
Comprehensive loss	**36,845**	284,099	271,988	76,623
Net Comprehensive loss per common share, basic and diluted	**0.00**	0.00	0.00	0.00

	October 31, 2017 3 Months Ended	July 31, 2017 3 Months Ended	April 30, 2017 3 Months Ended	January 31, 2017 3 Months Ended
Loss before non-operating items and taxes	$ 103,611	$ 50,959	$ 80,351	$ 35,285
Net loss	103,599	50,716	99,202	34,469
Net Loss per common share, basic and diluted	0.00	0.00	0.00	0.00
Comprehensive loss	85,099	50,716	99,202	34,469
Net Comprehensive loss per common share, basic and diluted	0.00	0.00	0.00	0.00

The Company's quarterly operating expenses decreased by $129,462 in Q4 2018 compared to Q3 2018 due to a decrease in consulting fees.

8. DISCUSSION OF OPERATIONS

Year Ended October 31, 2018 Compared to Year Ended October 31, 2017

For the year ended October 31, 2018, the Company recorded a comprehensive loss of $669,555 or $0.01 per share compared to a comprehensive loss of $269,486 or $0.01 per share in the comparable year ended October 31, 2017. The increase in comprehensive loss of $400,069 is due primarily to an increase in consulting and regulatory fees.

	Year Ended October 31, 2018	Year Ended October 31, 2017	Discussion
Accretion	$92	$92	Accretion was unchanged.
Consulting	$588,936	$163,575	Consulting increased by due to District hiring additional consultants to assist with the Q2 and Q3 2018 financing.
Director Fees	$20,000	$20,000	Directors' fees were unchanged.
Interest	$Nil	$1,010	Interest decreased due to District paying off in its entirety the loan payable to Copper Fox in Q2 2018.
Office	$21,250	$8,219	Office expenses increased due to an increase in activity in 2018 compared to the Company conserving cash in 2017.
Professional Fees	$31,044	$32,714	Professional fees remained relatively unchanged.
Promotion and Entertainment	$10,593	$2,335	Promotion and entertainment increased due to an increase in activity in 2018 compared to the Company conserving cash in 2017.
Rent	$21,000	$17,000	Rent increased due to an increase of $500 per month in rent, commencing July 1, 2017.
Shareholder Communications	$26,919	$8,264	Shareholder communications increased due to the increase in news releases in 2018.
Transfer Agent and Regulatory Fees	$47,487	$15,207	Transfer agent and regulatory fees increased due to an increase in activity in 2018 compared to the Company conserving cash in 2017.
Travel	$21,593	$1,790	Travel increased due to a lack of activity in the prior period and the Company conserving cash in 2017.
Flow-Through Premium Income	($118,275)	$Nil	Flow-through premium income increased due to the Q3 2018 flow-through private placement.
Interest Income	($1,084)	($1,220)	Interest income remained relatively unchanged.

	Year Ended October 31, 2018	Year Ended October 31, 2017	Discussion
Loss on Sale of Investment	$Nil	$19,000	The decrease in the loss on sale of investment is due to Carmax selling 100,000 shares of Alexandria Minerals in Q2 2017.

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 October 31, 2018, the Company had a cash balance of $373,434 (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 October 31, 2018, District had a working capital of $184,162 (October 31, 2017 – ($68,073). The working capital increased in 2018 compared to 2017 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 2019, 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.

District has no long-term debt and no long-term liabilities, other than its decommissioning provision of $235,327 (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

		Year Ended October 31, 2018		Year Ended October 31, 2017
Cash used in operating activities	**$**	**(779,685)**	$	(223,693)
Cash used in investing activities		**(674,478)**		(104,133)
Cash provided by financing activities		**1,755,549**		269,144
Increase/(decrease) in cash for the period		**301,386**		(58,682)
Cash, beginning of year		**72,048**		130,730
Cash, End of Year	**$**	**373,434**	$	72,048

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 year ended October 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 October 31, 2018, included in accounts payable and accrued liabilities is $3,125 (October 31, 2017 – $400) owing to a company controlled by a director, $4,725 (October 31, 2017 – $Nil) owing to a company controlled by an officer, $19,275 (October 31, 2017 - $15,000) owing to an officer and a director of the Company and $43,053 (October 31, 2017 - $79,247) owing to Copper Fox.

For the year ended October 31, 2018, $Nil (October 31, 2017 - $2,500) was paid in rent to a company controlled by an officer of District. In addition, $6,250 (October 31, 2017 - $12,000) was paid and capitalized to Eaglehead for services rendered by a company which is controlled by a director.

As at October 31, 2018 and October 31, 2017, coupled with the year ended October 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 October 31, 2018		As at October 31, 2017
Balance Sheet Items:				
Exploration and evaluation assets	**$**	**6,250**	$	12,000
Total	**$**	**6,250**	$	12,000

		Year Ended October 31, 2018		Year Ended October 31, 2017
Statement of Operations Items:				
Consulting	**$**	**163,417**	$	142,000
Director fees		**20,000**		20,000
Rent		**-**		2,500
Total	**$**	**183,417**	$	164,500

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.

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 October 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:

		As at October 31, 2018		As at October 31, 2017	
	Input Level	**Carrying Amount**	**Estimated Fair value**	Carrying Amount	Estimated Fair Value
Financial Assets:					
Cash	**1**	**$ 373,434**	**$ 373,434**	$ 72,048	$ 72,048
Total		**$ 373,434**	**$ 373,434**	$ 72,048	$ 72,048

Fair Value

The estimated fair values of reclamation deposits, accounts payables, loan payable and promissory note approximate their respective carrying values due to the immediate or relatively short period to maturity.

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 October 31, 2018, the Company had cash aggregating $373,434 (October 31, 2017 - $72,048) and current financial liabilities of $158,194 (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 October 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, 2018 (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 year ended October 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 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.

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

- On May 8, 2018, the Company issued 3,900,000 common shares at a value of $624,000 for contiguous mineral tenures at the Eaglehead property.

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

  Finders' 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 finders' warrant is exercisable into one common share at $0.085 until July 12, 2020.

  In connection with this placement, a $161,759 flow-through premium liability was incurred as a result of there being a $0.025 premium per share sold. The liability will be extinguished once all the flow-through money that was raised has been spent on the Eaglehead project. As of October 31, 2018, the remaining flow-through premium liability was $43,484.

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

- 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 January 23, 2019		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 January 23, 2019 share purchase warrants outstanding and exercisable are as follows:

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

As at October 31, 2018, the weighted average remaining contractual life of the share purchase warrants was 1.218 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:

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 year ended October 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 year ended October 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, 2018.

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 un-asserted 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.