



---

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

**FOR THE THREE AND NINE MONTHS ENDED  
JULY 31, 2019**

*(Expressed in Canadian Dollars)*

---

**As of September 5, 2019**

**CONTENTS**

|  |    |
|--|----|
| 1. INTRODUCTION .....  | 3  |
| 2. DISCLOSURE OF INTERNAL CONTROLS OVER FINANCIAL REPORTING .....          | 4  |
| 3. FORWARD-LOOKING STATEMENTS.....   | 5  |
| 4. NINE MONTHS ENDED JULY 31, 2019 HIGHLIGHTS AND SIGNIFICANT EVENTS ..... | 6  |
| 5. PROPERTY SUMMARY .....  | 7  |
| 6. SUMMARY OF QUARTERLY RESULTS .....                                      | 10 |
| 7. DISCUSSION OF OPERATIONS .....  | 11 |
| 8. LIQUIDITY AND CAPITAL RESOURCES.....                                    | 11 |
| 9. TRANSACTIONS WITH RELATED PARTIES.....                                  | 15 |
| 10. FINANCIAL INSTRUMENTS AND RELATED RISKS .....                          | 16 |
| 11. RISKS AND UNCERTAINTIES.....   | 18 |
| 12. PROPOSED TRANSACTIONS.....   | 18 |
| 13. DISCLOSURE OF OUTSTANDING SHARE DATA .....                             | 18 |
| 14. OFF-BALANCE SHEET ARRANGEMENTS .....                                   | 21 |
| 15. CHANGES IN ACCOUNTING STANDARDS .....                                  | 21 |
| 16. CRITICAL ACCOUNTING ESTIMATES.....                                     | 21 |
| 17. APPROVAL .....   | 22 |

## 1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of District Copper 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, 2019. The following information should be read in conjunction with the accompanying unaudited interim financial statements for the three and nine months ended July 31, 2019, 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 11 of this MD&A which compares certain financial results for the three and nine months ended July 31, 2019 and 2018. Financial information contained herein is expressed in Canadian dollars, unless otherwise stated. All information in this MD&A is current as of September 5, 2019 unless otherwise indicated. 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 September 5, 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 was until recently the Eaglehead copper project. The Company has since shifted its focus away from the copper space towards the gold space, with the acquisition of the Stony Lake gold property on February 8, 2019. The company's transition from copper to gold is due to the current difficulty in raising funds in the market for early stage copper exploration projects.

On July 31, 2019 and September 5, 2019, the Company had (i) 136,241,618 common shares issued and outstanding; (ii) 28,252,942 share purchase warrants to acquire common shares outstanding and (iii) 500,000 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](http://www.districtcoppercorp.com) and on SEDAR at [www.sedar.com](http://www.sedar.com)

#### Registered Office

# 217-179 Davie Street  
Vancouver, BC V6Z 2Y1  
Canada  
Tel: +1-604-669-3233

#### Transfer Agent and Registrar

Computershare Investor Services Inc.  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, BC V6C 3B9  
Tel: +1-604-661-9400

#### Contact Information

Investors: Jevin Werbes  
Media requests and queries:  
Tel: +1-604-620-7737  
[jwerbes@icloud.com](mailto:jwerbes@icloud.com)

## DISTRICT MINING CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

---

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

| <b>Directors</b>         | <b>Officers and Position</b>                        |
|--------------------------|---|
| Elmer Stewart (Chairman) | Jevin Werbes, President and Chief Executive Officer |
| Jevin Werbes             | Braden Jensen, Chief Financial Officer              |
| Chris Healey             | Mike Smith, Corporate Secretary                     |
| J. Michael Smith         | Cam Grundstrom, Chief Operating Officer             |
| Hrayr Agnerian           |   |

  

| <b>Audit Committee</b>         | <b>Compensation Committee</b> |
|--------------------------------|-------------------------------|
| 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 non-independent 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 enough 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. NINE MONTHS ENDED JULY 31, 2019 HIGHLIGHTS AND SIGNIFICANT EVENTS**

- On December 10, 2018, District Copper received conditional TSX:V approval for its proposed acquisition of the Stony Lake Property.
- On February 8, 2019, the Company issued 5,900,000 flow-through units and 5,900,000 non-flow-through units at a cost of \$0.05 each per unit, pursuant to a private placement, for gross proceeds of \$590,000. Each flow-through unit consists of one common share and one-half share purchase warrant, which can be exercised at \$0.075 until August 8, 2020. Each non-flow-through unit consists of one common share and one share purchase warrant, which can be exercised at \$0.05 until August 8, 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 \$0.12 per share or greater for a 14 consecutive day trading period at any time after June 9, 2019.

Finders' fees of 200,000 shares, valued at \$6,000, 300,000 warrants, valued at \$6,177, exercisable at \$0.05 until August 8, 2020, and legal fees of \$21,025 were paid with respect to this financing.

The value of the finders' warrants was calculated using Black Sholes with an exercise price of \$0.05, an expected life of 18 months, a volatility rate of 188.10% and a risk-free rate of 1.77%.

- On February 8, 2019, District Copper issued 40,000,000 shares to complete the Stony Lake property acquisition (see August 15, 2018 news release.)
- On February 19, 2019, District Copper announced the 2019 exploration program on its 100% owned Stony Lake gold project located in the emerging Cape Ray/Valentine Lake gold district in central Newfoundland. The first phase of the exploration program consists of a high sensitivity airborne magnetometer and radiometric geophysical survey as well as mapping, prospecting and sampling on eight target areas within the property and follows the recommendations set out in the NI 43-101 Technical Report dated September 18, 2018.
- On May 7, 2019, District Copper announced that the summer exploration program on its 100% owned Stony Lake gold project, which covers 27 kilometers of the favourable Cape Ray/Valentine Lake trend, was underway. The summer program includes mapping, sampling and prospecting nine target areas and a property wide high sensitivity airborne aeromagnetic and radiometric survey. The mapping and sampling program are underway with the airborne geophysical survey expected to commence at the end of June 2019. Early results from the Rabbit Tracks and Frenchman's Pond targets have located large areas of

## DISTRICT MINING CORP.

### Management's Discussion and Analysis of Financial Condition and Results of Operations For the Three and Nine Months Ended July 31, 2019 and 2018

---

epithermal style alteration and widespread weak to moderate concentrations of pyrite and arsenopyrite mineralization.

- On May 13, 2019, District entered into two separate arm's length agreements to acquire the Duffitt and Island Pond properties (24 claims covering 600 hectares) located contiguous to and within its Stony Lake gold project. The Duffitt Claims were acquired for 300,000 common shares and a 0.75% NSR royalty from production. The Island Pond claims were acquired for a cash payment of \$4,000, 400,000 common shares and a 2.0% NSR royalty from production. District has retained the right to purchase one half of this NSR for \$1,000,000.
- On June 17, 2019, Mike Smith was appointed Corporate Secretary of District Copper.

#### *Subsequent to the Period Ended*

- On August 7, 2019, District announced the analytical results from the recently completed prospecting and sampling results on its 100% owned Stony Lake gold project. The program identified eight areas of highly anomalous to low grade gold mineralization hosted in pyrite and arsenopyrite bearing (1-3% total sulphide) Quartz Feldspar Porphyry, reduced sandstone, quartz stockwork and quartz veins. Sericite, silica, ankerite, carbonate and chlorite alteration typically as pervasive alteration and envelopes around quartz stockwork and quartz veins as well as an arsenic-antimony-molybdenum geochemical association characterize the mineralization.

## 5. PROPERTY SUMMARY

### **Stony Lake Project**

District is focusing all of its exploration efforts on the recently acquired 100% owned Stony Lake gold project. The acquisition of the 13,025 ha Stony Lake project, located on the Cape Ray/Valentine Lake ("CRVL") structural trend in central Newfoundland, was completed on February 8, 2019. The CRVL structural trend is Canada's newest emerging orogenic gold district. This area hosts several high-grade gold discoveries including Sokoman Iron Corporation's ("Sokoman") Moosehead discovery, Antler Gold's Twilight zone and Marathon's Valentine Lake gold deposit. The work completed to date by District on its Stony Lake project suggests that the CRVL trend has the potential to host a number of different styles of gold mineralization.

The project is subject to a 2.0% NSR if the price of gold is US \$2,000 per ounce or less and a 3% NSR if the price of gold is \$2,000 or greater per ounce.

The Stony Lake project covers approximately 27 km of strike length of the Cape Ray/Valentine Lake trend between Sokoman's Moosehead discovery to the northeast and the Twilight zone discovery to the southwest. Sokoman has reported a significant number of high-grade gold intersections from its Moosehead discovery including:

- Drill hole, MH-18-01, (see Sokoman news release dated July 24, 2017) returned 11.9 m of 44.96 g Au/t from 109.0 m to 120.9 m,
- Drill hole MH-18-08 intersected 1.05 m of 207.1 g Au/t from 8.50 to 9.55m and 2.28m of 42.36 g Au/t from 33.07 to 35.35m (see Sokoman news release dated August 28, 2018), and
- MH-19-62 intersected 33.59 g Au/t over a 4.80 m core length g (see Sokoman news release dated April 24, 2019).

## DISTRICT MINING CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

---

### *Project Description/Historical Exploration Results*

The historical exploration completed on the project is summarized in a National Instrument 43-101 Technical Report entitled "Compilation of Historical Geological, "Geochemical and Geophysical Exploration Work Carried out Over the Stony Lake Epithermal Gold Project, Grand Falls-Bishops Falls Area, Central Newfoundland" prepared by Larry Pilgrim, P. Geo as Qualified Person with an effective date of September 18, 2018.

The Stony Lake property has seen only cursory exploration for gold mineralization. Despite the numerous gold showings and highly anomalous gold geochemical results within and adjacent to the Project area, it was not until Sokoman's Moosehead discovery that the area's potential for gold mineralization was realized. Following the Moosehead discovery; several significant gold discoveries have been made in this portion of central Newfoundland.

Historical exploration activities on the Stony Lake project were sporadic and consisted of regional geochemical sampling, limited prospecting and sampling, 10 diamond drill holes (1,142m) on the Flyers Grid and partial airborne geophysical coverage.

In addition to the Flyers' area, historical exploration outlined six large exploration targets within the Stony Lake property 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 Au/t,
- 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.

### *2019 Exploration Program*

The 2019 exploration program is estimated to cost \$400,000 and consists of mapping, prospecting and sampling and a property wide airborne magnetometer and radiometric survey to map bedrock lithologies, structural features and areas of structurally controlled potassic alteration. The airborne geophysical survey was completed in August 2019 and results are being compiled and interpreted with the final report expected in September 2019.

During the Q3 2019, the prospecting and sampling (286 samples) and the mapping of lithologies, alterations, and styles of mineralization was completed. Selected samples were collected from outcrop, sub crop and large angular boulders (close to bedrock) to characterize the precious and base metals and trace element geochemistry present in veins, other mineralized structures and outcrops.

The 2019 field program covered the northern portion of the property and identified eight areas of highly anomalous to low grade gold mineralization. The mineralization in each zone remains open along strike.

The statistical data for gold and pathfinder elements for all samples collected are listed in the table below.



**DISTRICT MINING CORP.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
 For the Three and Nine Months Ended July 31, 2019 and 2018

|                | <b>Gold (ppb)</b> | <b>Arsenic (ppm)</b> | <b>Antimony (ppm)</b> | <b>Molybdenum (ppm)</b> |
|----------------|-------------------|----------------------|-----------------------|-------------------------|
| <b>Median</b>  | 60                | 89                   | 2.5                   | 0.4                     |
| <b>Average</b> | 215               | 1,052                | 10.5                  | 1.6                     |
| <b>Minimum</b> | < 5               | 1                    | < 0.1                 | < 0.1                   |
| <b>Maximum</b> | 4,026             | 10,000               | 1,652                 | 60.2                    |

(ppb)=parts per billion, (ppm)=parts per million, detection limit for gold is 5 ppb, numbers in the above table have been rounded.

The statistical analysis by lithology for samples containing greater than 50 ppb gold are listed below.

| <b>Lithology</b> | <b>Element</b> | <b>Median</b> | <b>Average</b> | <b>Min</b> | <b>Max</b> | <b># of Samples</b> |
|------------------|----------------|---------------|----------------|------------|------------|---------------------|
| QFP              | Gold (ppm)     | 266           | 388            | 50         | 1,702      | 26                  |
|                  | Arsenic (ppm)  | 3,168         | 3,159          | 200        | 6,181      |                     |
| Stockwork/Vein   | Gold (ppm)     | 124           | 601            | 50         | 4,026      | 18                  |
|                  | Arsenic (ppm)  | 99            | 394            | 5          | 3,468      |                     |
| Sandstone        | Gold (ppm)     | 158           | 349            | 50         | 1,744      | 63                  |
|                  | Arsenic (ppm)  | 2,165         | 2,690          | 3          | 10,000     |                     |

QFP=Quartz Feldspar Porphyry. The number in the above table have been rounded.

The property is covered by glacial overburden, swamp and thick forest with outcrop and sub crop exposure estimated to be less than 1% which hampered the mapping and prospecting program. Road access is generally good.

The distribution of the zones of anomalous (greater than 50 ppb) to low grade gold mineralization suggests that the zone lies within a northeast-southwest trending corridor located close to the western side of the property. Sampling to the west (Twin Pond area) and to the east (Moccasin Lake area) of the corridor returned low (less than 20 ppb) gold concentrations.

In the northeastern portion of the property, the areas of anomalous to low concentrations of gold mineralization are primarily underlain by a series of pyrite and arsenopyrite (1-3% total sulfide) bearing Quartz Feldspar, dikes, reduced sandstones and siltstones of the Wigwam formation and rare altered mafic dikes. To the southwest, the areas of anomalous to low grade gold mineralization are primarily underlain by reduced sedimentary rocks.

Pervasive silica and sericite alteration occur in all zones of anomalous to low grade gold mineralization. Sporadic chlorite, carbonate and ankerite (iron carbonate) alteration are more pronounced in the quartz veins and sheeted quartz veinlets. In places, the alteration is of enough intensity to obliterate the original rock type. Pyrite and arsenopyrite are ubiquitous to all rock samples containing greater than 50 ppb gold. In rare instances stibnite and galena were also observed.

In the northern portion of the corridor; three northeast-southwest trending parallel zones (approximately 400m apart) of anomalous to low grade gold mineralization have been identified. The first zone (600m by 200m) is located on the recently acquired Duffitt claims. The second zone (1,600m by 600m) is located approximately 400m west of the Duffitt zone. The mineralization in both zones is also open to the northeast and southwest. The third zone located approximately 400m west of the second zone is a 6,000m long, linear northeast-southwest trend hosting five areas of anomalous to low grade gold mineralization. This zone is associated with a prominent northeast-southwest trending topographic lineament; a possibly fault zone. The results of the airborne survey should be helpful in confirming the presence of a fault underlying the mineralized corridor. The northeast end of

## **DISTRICT MINING CORP.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

---

zone 3 is referred to as the Rabbit Tracks area. The mineralization in the five areas within this corridor is open on strike.

To the southwest of Zone 3, the work completed around Frenchman's Pond located anomalous to low grade gold mineralization over an area of 1,400m by 400m and in the area south of Tumbler Lake over an area of 400m by 200m. The mineralization in both zones remain open along strike to the northeast and southwest. Three other areas (2-3 samples) with anomalous gold values; Caters Pond (52-383 ppb gold), Island Pond (86-489 ppb gold) and Big Rocky Pond (801-4,026 ppb gold) have been identified that require additional prospecting and mapping. The south end of the property has not been prospected.

The geochemical signature accompanying the anomalous to low grade gold mineralization includes combinations of arsenic, antimony, tin and molybdenum.

The parameters that characterize the anomalous to low grade gold mineralization located on the Stony Lake property suggest the potential for a sediment hosted intrusion related gold environment. Sediment hosted intrusion related gold mineralization is characterized by faulted and folded siliciclastic rocks, granitic intrusions, regional scale faults, sericite with late carbonate alteration, mineralization hosted in sheeted veinlets, stockwork, disseminated and vein swarms and a gold, silver, bismuth, tungsten and molybdenum geochemical associations.

The next phase of the exploration of the Stony Lake property is contingent on the compilation of the results of the airborne survey, the 2019 and historical geochemical and geological data. It is expected that this work will be completed by the end of September 2019.

For the nine months ended July 31, 2019, District incurred exploration expenses of \$195,288 on the Stony Lake project, related to the mapping, prospecting and sampling and an airborne geophysical survey.

### **Eaglehead Property**

The Company owns 100% of the Eaglehead copper-molybdenum-gold property; an exploration stage project (15,956 Ha) located in the Liard Mining District in northern British Columbia, approximately 40 kilometers east of Dease Lake.

Due to the decision not to conduct an exploration program in 2019; the Eaglehead project has been placed on care and maintenance. For the nine months ended July 31, 2019, District incurred exploration expenses of \$97,219 related to camp repairs (due to animal inflicted damage), sample inventory, storage charges and helicopters.

## **6. SUMMARY OF QUARTERLY RESULTS**

The quarterly results are as follows:

**DISTRICT MINING CORP.**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

|  | July 31, 2019<br>3 Months Ended | April 30, 2019<br>3 Months Ended | January 31, 2019<br>3 Months Ended | October 31, 2018<br>3 Months Ended |
|--|---------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Loss before non-operating items and taxes                  | \$ 72,294                       | \$ 181,890                       | \$ 83,536                          | \$ 788,914                         |
| Net loss   | 55,442                          | 11,057,239                       | 50,476                             | 669,555                            |
| Net Loss per common share, basic and diluted               | 0.00                            | 0.08                             | 0.00                               | 0.00                               |
| Comprehensive loss   | 55,442                          | 11,057,239                       | 51,324                             | 669,555                            |
| Net Comprehensive loss per common share, basic and diluted | 0.00                            | 0.08                             | 0.00                               | 0.00                               |

|  | July 31, 2018<br>3 Months Ended | April 30, 2018<br>3 Months Ended | January 31, 2018<br>3 Months Ended | October 31, 2017<br>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                               |

The Company's quarterly operating expenses decreased in Q3 2019 compared to Q2 2019 due to a decrease in professional and consulting fees and marketing costs.

## 7. DISCUSSION OF OPERATIONS

### Three Months Ended July 31, 2019 Compared to Three Months Ended July 31, 2018

For the three months ended July 31, 2019, the Company recorded a comprehensive loss of \$55,442 or \$0.00 per share compared to a comprehensive loss of \$284,099 or \$0.00 per share in the comparable three months ended July 31, 2018. The decrease in comprehensive loss is due a decrease in consulting fees, travel and office costs.

|                          | Three Months Ended<br>July 31, 2019 | Three Months Ended<br>July 31, 2018 | Discussion   |
|--------------------------|-------------------------------------|-------------------------------------|--|
| <b>Accretion</b>         | \$473                               | \$23                                | Accretion increased due to the decommissioning provision being increased in Q4 2018. |
| <b>Consulting Fees</b>   | \$51,600                            | \$215,719                           | Consulting fees decreased due to fewer consultants being used in Q3 2019.            |
| <b>Director Fees</b>     | \$4,500                             | \$5,500                             | Directors' fees decreased due to a reclassification of directors' fees in Q3 2018.   |
| <b>Office</b>            | \$4,393                             | \$17,612                            | Office expenses decreased due to less activity in Q3 2019.                           |
| <b>Professional Fees</b> | \$Nil                               | \$3,278                             | Professional fees decreased due to no professional services being used in Q3 2019.   |

**DISTRICT MINING CORP.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

|   | <b>Three Months Ended<br/>July 31, 2019</b> | <b>Three Months Ended<br/>July 31, 2018</b> | <b>Discussion</b>  |
|---|---|---|--|
| <b>Promotion and Entertainment</b>        | \$Nil                                       | \$5,227                                     | Promotion and entertainment decreased due to the prepaid promotion expenditure being incurred in Q2 2019.      |
| <b>Rent</b>                               | \$5,250                                     | \$5,250                                     | Rent remained unchanged.   |
| <b>Shareholder Communications</b>         | \$4,382                                     | \$11,296                                    | Shareholder communications decreased due to the Company securing a flat monthly fee for news releases in 2019. |
| <b>Transfer Agent and Regulatory Fees</b> | \$1,696                                     | \$5,810                                     | Transfer agent and regulatory fees decreased due to less activity in Q3 2019.                                  |
| <b>Travel</b>                             | \$Nil                                       | \$14,866                                    | Travel decreased due to there being no travel in Q3 2019.  |
| <b>Interest Income</b>                    | (\$513)                                     | (\$482)                                     | Interest income remained relatively unchanged.   |
| <b>Flow-Through Premium Income</b>        | (\$27,354)                                  | \$Nil                                       | Flow-through premium income increased due to the Q2 2019 flow-through private placement.                       |
| <b>Mineral Property Write Off</b>         | \$11,015                                    | \$Nil                                       | Mineral property write off increased due to the impairment of the Eaglehead property in 2019.                  |

**Nine Months Ended July 31, 2019 Compared to Nine Months Ended July 31, 2018**

For the nine months ended July 31, 2019, the Company recorded a comprehensive loss of \$11,163,157 or \$0.10 per share compared to a comprehensive loss of \$632,710 or \$0.01 per share in the comparable nine months ended July 31, 2018. The increase in comprehensive loss is due to the impairment of the Eaglehead property in 2019 offset by a decrease in consulting fees.

|                        | <b>Nine Months Ended<br/>July 31, 2019</b> | <b>Nine Months Ended<br/>July 31, 2018</b> | <b>Discussion</b>  |
|------------------------|--|--|--|
| <b>Accretion</b>       | \$1,418                                    | \$69                                       | Accretion increased due to the decommissioning provision being increased in Q4 2018. |
| <b>Consulting Fees</b> | \$177,448                                  | \$503,886                                  | Consulting fees decreased due to less consultants being used in Q1-Q3 2019.          |
| <b>Director Fees</b>   | \$14,000                                   | \$14,500                                   | Directors' fees remained relatively unchanged.                                       |

**DISTRICT MINING CORP.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

|   | <b>Nine Months Ended<br/>July 31, 2019</b> | <b>Nine Months Ended<br/>July 31, 2018</b> | <b>Discussion</b>   |
|---|--|--|---|
| <b>Office</b>                             | \$16,244                                   | \$24,780                                   | Office expenses decreased due to decreased activity in Q1-Q3 2019.  |
| <b>Professional Fees</b>                  | \$28,791                                   | \$12,862                                   | Professional fees increased due to legal fees increasing as a result of the Q2 2019 private placement and the acquisition of Stony Lake.                      |
| <b>Promotion and Entertainment</b>        | \$42,100                                   | \$6,750                                    | Promotion and entertainment increased due to the digital marketing campaign in Q2 2019.   |
| <b>Rent</b>                               | \$15,750                                   | \$15,750                                   | Rent remained unchanged.  |
| <b>Shareholder Communications</b>         | \$10,769                                   | \$22,202                                   | Shareholder communications decreased due to the Company securing a flat monthly fee for news releases in 2019.  |
| <b>Transfer Agent and Regulatory Fees</b> | \$31,200                                   | \$16,424                                   | Transfer agent and regulatory fees increased due to the Company entering into a DTC advisory agreement in order to be eligible to trade in the United States. |
| <b>Travel</b>                             | \$Nil                                      | \$16,571                                   | Travel decreased due to there being no travel in Q1-Q3 2019.  |
| <b>Interest Income</b>                    | (\$1,165)                                  | (\$1,1084)                                 | Interest income remained relatively unchanged.  |
| <b>Flow-Through Premium Income</b>        | (\$135,248)                                | \$Nil                                      | Flow-through premium income increased due to the Q3 2018 and Q2 2019 flow-through private placements.   |
| <b>Mineral Property Write Off</b>         | \$10,961,850                               | \$Nil                                      | Mineral property write off increased due to the impairment of the Eaglehead property in 2019.   |

## 8. 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.

## **DISTRICT MINING CORP.**

### Management's Discussion and Analysis of Financial Condition and Results of Operations For the Three and Nine Months Ended July 31, 2019 and 2018

---

As at July 31, 2019, the Company had a cash balance of \$89,039 (October 31, 2018 - \$373,434). 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 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, 2019, District had a working capital of \$52,570 (October 31, 2018 – \$184,162). The working capital decreased in Q3 2019 compared to Q2 2019 due to the February 8, 2019 private placement. The Company manages its working capital by tightly controlling its operational and property spending. Due to the planned exploration of the Stony Lake gold 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 \$236,745 (October 31, 2018 - \$235,327). The Company has no capital lease obligations, operating or any other long-term obligations, other than its monthly office rent of \$1,750.

**DISTRICT MINING CORP.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

---

**Cash Flow Highlights**

|  | <b>Nine Months Ended<br/>July 31, 2019</b> | Nine Months Ended<br>July 31, 2018 |
|--|--|------------------------------------|
| Cash used in operating activities          | \$ (375,346)                               | \$ (659,437)                       |
| Cash used in investing activities          | (478,024)                                  | (875,305)                          |
| Cash provided by financing activities      | 568,975                                    | 2,262,546                          |
| Increase/(decrease) in cash for the period | (284,395)                                  | 727,804                            |
| Cash, beginning of year                    | 373,434                                    | 72,048                             |
| <b>Cash, End of Period</b>                 | <b>\$ 89,039</b>                           | <b>\$ 799,852</b>                  |

**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, 2019. The Company's invests its surplus cash in highly liquid short-term interest-bearing investments with maturities of three months or less from the original date of acquisition, all held with major Canadian financial institutions.

**9. 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, 2019, included in accounts payable and accrued liabilities is \$Nil (October 31, 2018 – \$3,125) owing to a company controlled by a director, \$Nil (October 31, 2018 – \$4,725) owing to a company controlled by an officer, \$1,500 (October 31, 2018 - \$19,275) owing to a director of the Company and \$39,660 (October 31, 2018 - \$43,053) owing to Copper Fox.

For the nine months ended July 31, 2019, \$Nil (October 31, 2018 - \$6,250) was paid and capitalized to Eaglehead for services rendered by a company that is controlled by a director.

As at July 31, 2019 and October 31, 2018, coupled with the nine months ended July 31, 2019 and 2018, the Company incurred the following capitalizations and expenditures for key management personnel and the companies that are directly controlled by them.

**DISTRICT MINING CORP.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

|   | As at July 31, 2019                |                | As at October 31, 2018             |                |
|---|------------------------------------|----------------|------------------------------------|----------------|
| <i>Statement of Financial Position Item</i> |                                    |                |                                    |                |
| Exploration and evaluation assets           | \$                                 | -              | \$                                 | 6,250          |
| <b>Total</b>                                | <b>\$</b>                          | <b>-</b>       | <b>\$</b>                          | <b>6,250</b>   |
|   | Nine Months Ended<br>July 31, 2019 |                | Nine Months Ended<br>July 31, 2018 |                |
| <i>Statement of Operations Items</i>        |                                    |                |                                    |                |
| Consulting                                  | \$                                 | 153,000        | \$                                 | 118,667        |
| Director fees                               |                                    | 14,000         |                                    | 14,500         |
| <b>Total</b>                                | <b>\$</b>                          | <b>167,000</b> | <b>\$</b>                          | <b>133,667</b> |

## 10. 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 that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at July 31, 2019, those financial assets were 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 July 31, 2019 |                         | As at October 31, 2018 |                         |
|-------------------------|----------------|---------------------|-------------------------|------------------------|-------------------------|
|                         | Input<br>Level | Carrying<br>Amount  | Estimated<br>Fair value | Carrying<br>Amount     | Estimated<br>Fair Value |
| <i>Financial Assets</i> |                |                     |                         |                        |                         |
| Cash                    | 1              | \$ 89,039           | \$ 89,039               | \$ 373,434             | \$ 373,434              |
| <b>Total</b>            |                | <b>\$ 89,039</b>    | <b>\$ 89,039</b>        | <b>\$ 373,434</b>      | <b>\$ 373,434</b>       |

### Fair Value

The estimated fair values of accounts payables 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 enough cash balances and or through additional financings to ensure that there is enough capital to meet short term obligations. As at July 31, 2019, the Company had a cash balance of \$89,039 (October 31, 2018 - \$373,434) and current financial liabilities of \$42,035 (October 31, 2018 - \$158,194) 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.

If 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, 2019, 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.

## **11. 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](http://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.

## **12. 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.

## **13. 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 months ended July 31, 2019, the Company incurred the following share issuance:

- On February 8, 2019, the Company issued 5,900,000 flow-through units and 5,900,000 non-flow-through units at a cost of \$0.05 each per unit, pursuant to a private placement, for gross proceeds of \$590,000. Each flow-through unit consists of one common share and one-half share purchase warrant, which can be exercised at \$0.075 until August 8, 2020. Each non-flow-through unit consists

**DISTRICT MINING CORP.**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

---

of one common share and one share purchase warrant, which can be exercised at \$0.05 until August 8, 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 \$0.12 per share or greater for a 14 consecutive day trading period at any time after June 9, 2019.

Finders' fees of 200,000 shares, valued at \$6,000, 300,000 warrants, valued at \$6,177, exercisable at \$0.05 until August 8, 2020, and legal fees of \$21,025 were paid with respect to this financing.

The value of the finders' warrants was calculated using Black Sholes with an exercise price of \$0.05, an expected life of 18 months, a volatility rate of 188.10% and a risk-free rate of 1.77%.

In connection with this placement, a \$118,000 flow-through premium liability was incurred as a result of there being a \$0.02 premium per share sold. The liability will be extinguished once all the flow-through money raised has been spent on the Stony Lake project. As of July 31, 2019, the remaining flow-through premium liability was \$26,236 (October 31, 2018 - \$Nil), with the reduction of \$91,764 recorded as flow-through premium income in fiscal 2019.

During the year ended October 31, 2018, the Company incurred the following share issuances:

- 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 raised has been spent on the Eaglehead project. As of July 31, 2019, the remaining

**DISTRICT MINING CORP.**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

flow-through premium liability was \$Nil (October 31, 2018 - \$43,484), with the reduction of \$161,759 recorded as flow-through premium income in fiscal 2018 and 2019.

c) *Warrants*

A summary of changes in share purchase warrants as of the date of this MD&A and the year ended October 31, 2018 is as follows:

|                                   | As at<br>September 5, 2019           |  | Year Ended<br>October 31, 2018       |  |
|-----------------------------------|--------------------------------------|--|--------------------------------------|--|
|                                   | Number of<br>Warrants<br>Outstanding | Weighted<br>Average<br>Exercise<br>Price | Number of<br>Warrants<br>Outstanding | Weighted<br>Average<br>Exercise<br>Price |
| <i>Balance, Beginning of Year</i> | <b>23,352,942</b>                    | \$ <b>0.116</b>                          | 4,250,000                            | \$ 0.100                                 |
| Expired                           | <b>(4,250,000)</b>                   | <b>0.100</b>                             | -                                    | -  |
| Issued                            | <b>9,150,000</b>                     | <b>0.058</b>                             | 19,102,942                           | 0.119                                    |
| <b>Balance, End of Period</b>     | <b>28,252,942</b>                    | \$ <b>0.010</b>                          | 23,352,942                           | \$ 0.116                                 |

As at September 5, 2019 share purchase warrants outstanding and exercisable are as follows:

| Number of<br>Warrants<br>Outstanding | Warrant<br>Exercise<br>Price | Warrants<br>That Are<br>Exercisable | Warrant<br>Expiry<br>Date |
|--------------------------------------|------------------------------|-------------------------------------|---------------------------|
| 18,750,000                           | 0.120                        | 18,750,000                          | March 29, 2020            |
| 352,942                              | 0.085                        | 352,942                             | July 12, 2020             |
| 6,200,000                            | 0.075                        | 6,200,000                           | August 8, 2020            |
| 2,950,000                            | 0.050                        | 2,950,000                           | August 8, 2020            |
| <b>28,252,942</b>                    | \$ <b>0.100</b>              | <b>28,252,942</b>                   |                           |

As at July 31, 2019, the weighted average remaining contractual life of the share purchase warrants was 0.784 years (October 31, 2018 – 1.218 years) and the weighted average exercise price was \$0.100 (October 31, 2018 - \$0.116).

d) *Stock Options*

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

| Number of<br>Options<br>Outstanding | Option<br>Exercise<br>Price | Options<br>Exercisable as of<br>July 31, 2019 | Option<br>Expiry<br>Date |
|-------------------------------------|-----------------------------|---|--------------------------|
| <b>325,000</b>                      | \$ 0.10                     | 325,000                                       | April 29, 2020           |
| <b>175,000</b>                      | \$ 0.10                     | 175,000                                       | October 16, 2020         |
| <b>500,000</b>                      | \$ <b>0.10</b>              | <b>500,000</b>                                |                          |

## **14. OFF-BALANCE SHEET ARRANGEMENTS**

During the nine months ended July 31, 2019, 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.

## **15. CHANGES IN ACCOUNTING STANDARDS**

There were no changes in the Company's accounting policies during the nine months ended July 31, 2019. 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.

## **16. 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

**DISTRICT MINING CORP.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended July 31, 2019 and 2018

---

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.

**17. 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](http://www.sedar.com).