



**Condensed Consolidated Interim Financial Statements and
Management Discussion and Analysis
for the Three and Nine Months Ended March 31, 2026**

DISTRICT METALS CORP.

Condensed Consolidated Interim Financial Statements
For the three and nine months ended March 31, 2026 and 2025
(Expressed in Canadian Dollars - Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of District Metals Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

DISTRICT METALS CORP.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

As at	March 31, 2026	June 30, 2025
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 8,141,850	\$ 9,740,155
Receivables	53,807	274,857
Prepaid expenses	356,190	103,165
Receivable from Boliden (Note 7)	17,617	-
Investment (Note 4)	500,000	150,000
	9,069,464	10,268,177
Advances and deposits (Note 5)	484,731	553,562
Exploration and evaluation assets (Note 5)	15,149,394	8,909,132
TOTAL ASSETS	\$ 24,703,589	\$ 19,730,871
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 14)	\$ 304,741	\$ 580,093
Advance from Boliden (Note 7)	-	221,343
TOTAL LIABILITIES	304,741	801,436
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	89,497,471	81,907,909
Reserves (Note 9 and 10)	3,828,087	4,104,799
Accumulated deficit	(68,926,710)	(67,083,273)
TOTAL SHAREHOLDERS' EQUITY	24,398,848	18,929,435
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 24,703,589	\$ 19,730,871

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 28, 2026. They are signed on behalf of the Board of Directors by:

"Joanna Cameron"
Director

"Garrett Ainsworth"
CEO and Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISTRICT METALS CORP.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

	Three months ended		Nine months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
EXPENSES				
General and administrative costs	\$ 104,344	\$ 16,913	\$ 245,720	\$ 235,127
Marketing and investor relations	84,960	70,365	277,992	304,263
Salaries and consulting fees (Note 14)	295,370	200,979	954,014	696,264
Professional fees	54,958	114,418	102,888	274,444
Property investigation costs	1,403	-	13,046	-
Stock-based compensation (Note 10)	203,387	-	543,437	-
Transfer agent, regulatory and listing fees	40,458	45,030	113,299	161,692
OPERATING EXPENSES	784,880	447,705	2,250,396	1,671,790
OTHER EXPENSES (INCOME)				
Interest and dividend income	(57,814)	(32,393)	(191,364)	(144,880)
Fair value (gain) loss on investment (Note 4)	37,500	20,000	(95,000)	115,000
Other income (Note 5)	5,908	(79,381)	(28,109)	(154,263)
Gain on sale of asset (Note 5)	-	-	(106,037)	-
Foreign exchange (gain) loss	26,116	(33,258)	14,137	(11,111)
Write-down of exploration and evaluation assets	-	-	-	1,357
LOSS AND COMPREHENSIVE LOSS	\$ 796,590	\$ 322,673	\$ 1,844,023	\$ 1,477,893
Basic and diluted loss per share	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding, basic and diluted	174,151,767	130,792,010	169,104,187	130,552,093

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISTRICT METALS CORP.
Condensed Consolidated Interim Statements of Cash Flow
(Expressed in Canadian Dollars - Unaudited)

	Nine months ended	
	March 31, 2026	March 31, 2025
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Loss	\$ (1,844,023)	\$ (1,477,893)
Adjustments for items not affecting cash:		
Stock-based compensation	543,437	-
Gain on sale of asset	(106,037)	-
Fair value (gain) loss on investment	(95,000)	115,000
	(1,501,623)	(1,362,893)
Net changes in non-cash working capital items:		
GST and VAT receivable	221,050	(39,731)
Receivable from Boliden	(17,617)	-
Prepaid expenses and deposits	(253,025)	(362,668)
Accounts payable and accrued liabilities	(226,070)	266,297
Advance from Boliden	(221,343)	(191,968)
Net cash flows used in operating activities	(1,998,628)	(1,690,963)
INVESTING ACTIVITIES		
Advances and deposits	(460,795)	-
Exploration and evaluation assets exploration expenditures	(1,743,881)	(49,163)
Net cash flows used in investing activities	(2,204,676)	(49,163)
FINANCING ACTIVITIES		
Proceeds from stock options exercised	892,700	-
Proceeds from compensation options exercised	9,341	80,565
Proceeds from warrants exercised	1,712,850	5,000
Share issuance costs	(9,892)	(3,323)
Net cash flows provided from financing activities	2,604,999	82,242
Net decrease in cash and cash equivalents	(1,598,305)	(1,657,884)
Cash and cash equivalents, beginning of period	9,740,155	5,861,955
Cash and cash equivalents, end of period	\$ 8,141,850	\$ 4,204,071
Supplemental cash flow information	\$	\$
Non-cash share issuance for exploration and evaluation assets	4,165,000	197,500
Exploration and evaluation assets included in accounts payable and accrued liabilities	49,282	9,350
Transfer of reserves on exercise of compensation options	9,279	78,050
Transfer of reserves on exercise of stock options	810,284	-
Taxes paid	-	-
Interest paid	-	-

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISTRICT METALS CORP.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

	Number of shares	Amount	Reserve	Subscription receivable	Accumulated deficit	Total
Balance, June 30, 2024	130,315,625	\$ 73,347,633	\$ 3,086,801	\$ -	\$ (63,646,859)	\$ 12,787,575
Shares issued for exploration and evaluation assets	500,000	197,500	-	-	-	197,500
Shares issued pursuant to compensation option exercise	484,914	158,615	(78,050)	-	-	80,565
Shares issued pursuant to warrant exercise	57,500	14,750	-	(9,750)	-	5,000
Share issuance costs	-	(3,323)	-	-	-	(3,323)
Net loss for the period	-	-	-	-	(1,477,893)	(1,477,893)
Balance, March 31, 2025	131,358,039	\$ 73,715,175	\$ 3,008,751	\$ (9,750)	\$ (65,124,752)	\$ 11,589,424
Balance, June 30, 2025	163,680,381	\$ 81,907,909	\$ 4,104,799	\$ -	\$ (67,083,273)	\$ 18,929,435
Shares issued for exploration and evaluation assets (Note 5)	3,500,000	4,165,000	-	-	-	4,165,000
Share issued pursuant to stock option exercise (Note 8)	2,281,877	1,702,984	(810,284)	-	-	892,700
Shares issued pursuant to compensation option exercise (Note 8)	62,281	18,620	(9,279)	-	-	9,341
Shares issued pursuant to warrant exercise (Note 8)	6,507,000	1,712,850	-	-	-	1,712,850
Fair value transfer for compensation option expired (Note 8)	-	-	(586)	-	586	-
Share issuance costs (Note 8)	-	(9,892)	-	-	-	(9,892)
Stock-based compensation (Note 10)	-	-	543,437	-	-	543,437
Net loss for the period	-	-	-	-	(1,844,023)	(1,844,023)
Balance, March 31, 2026	176,031,539	\$ 89,497,471	\$ 3,828,087	\$ -	\$ (68,926,710)	\$ 24,398,848

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2026 and 2025

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

District Metals Corp. (the "Company" or "District Metals") was incorporated under the provincial laws of the Province of Alberta on July 24, 1989 and continued in the Province of British Columbia on March 31, 2006. The Company's registered office is located at 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8. The Company is listed on the TSX Venture Exchange (the "Exchange") and trades under the symbol "DMX", on the Frankfurt Stock Exchange under the symbol "DFPP" and on the United States OTCQX under the symbol "DMXCF". On January 23, 2025, the Company's depository receipts began trading on Nasdaq First North Growth Market under the symbol "DMXSE SDB". On November 12, 2025, the Company's common shares were upgraded to the OTCQX Market from the OTCQB Market in the United States.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. The Company currently is not generating any revenues. It has incurred a loss during the three and nine months ended March 31, 2026 of \$796,590 (2025 - \$322,673) and \$1,844,023 (2025 - \$1,477,893), respectively, and negative cash flows from operations since inception with an accumulated deficit of \$68,926,710 as at March 31, 2026 (June 30, 2025 - \$67,083,273). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. The Company's ability to raise additional funds is affected by numerous factors outside the Company's control, including in particular, the global economy and uranium mining regulation in Sweden, including specifically whether mining of Alum Shale will be subject to additional regulation. The global economy is currently characterized by increased volatility arising in part from international trade disputes, including tariffs, constrained GDP growth and geo-political risk in Europe and the Middle East.

These condensed consolidated interim financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended June 30, 2025 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these condensed consolidated interim financial statements should be read in conjunction with the Company's June 30, 2025 audited annual consolidated financial statements and the notes to such financial statements.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

(c) Presentation and functional currency

The presentation and functional currency of the Company and its wholly owned subsidiaries, District Metals AB and Bergslagen Metals AB (both located in Sweden), is the Canadian dollar. All amounts in these condensed consolidated interim financial statements are expressed in Canadian dollars, unless otherwise indicated.

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2026 and 2025

(Expressed in Canadian Dollars - Unaudited)

(d) Material accounting judgments and key sources of estimation uncertainty

Material accounting judgments

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these condensed consolidated interim financial statements are as follows:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the respective entity operates; the functional currency of District Metals Corp., District Metals AB and Bergslagen Metals AB is determined to be the Canadian dollar. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Impairment of long-lived assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit ("CGU"), or group of CGUs, level in the year the new information becomes available. If indicators of impairment exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

Key sources of estimation uncertainty

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the consolidated statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Valuation of stock-based compensation

The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation and either the Black-Scholes option pricing model or the Geske compound option pricing model for valuation of compensation options depending on the terms of the equity compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, expected life and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

3. CASH AND CASH EQUIVALENTS

At March 31, 2026 and June 30, 2025, the Company's cash and cash equivalents are comprised of the following:

	March 31, 2026		June 30, 2025	
Cash held in bank accounts	\$	1,692,523	\$	2,290,515
Cash equivalents		6,449,327		7,449,640
Total	\$	8,141,850	\$	9,740,155

Cash equivalents were held in cashable guaranteed investment certificates with interest rates of 2.50% and 3.30% at March 31, 2026, and interest rates of 3.40%, 3.30% and 2.75% at June 30, 2025.

The cash held in bank accounts at June 30, 2025 included \$221,343 of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB (Note 5) and were therefore not available for general use.

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2026 and 2025**

(Expressed in Canadian Dollars - Unaudited)

4. INVESTMENT

The Company holds 2,500,000 common shares of Sherpa II Holdings Corp. ("Sherpa II") received in connection with the sale of an 80% interest in the Bakar Property by the Company to Sherpa II. On November 6, 2025, the Company completed the sale of its remaining interest in the Bakar Property to Sherpa II and received additional 1,500,000 common shares of Sherpa II. These shares are publicly traded on the Exchange and are held at FVTPL. As at March 31, 2026, the fair value of the Sherpa II shares was \$500,000 (June 30, 2025 - \$150,000). During the three and nine months ended March 31, 2026, the Company recorded a fair value loss on investment of \$37,500 (2025 – fair value loss of \$20,000) and fair value gain on investment of \$95,000 (2025 – fair value loss of \$115,000) respectively, determined by reference to closing prices on the Exchange.

5. EXPLORATION AND EVALUATION ASSETS

	Tomtebo Property	Viken Property	Gruvberget Property	Bakar Property	Svärdsjö Property	Other Properties	Total
Acquisition Costs							
Balance, June 30, 2024	\$ 1,721,205	\$ 412,375	\$ 302,450	\$ 32,051	\$ -	\$ 233,525	\$ 2,701,606
Additions	-	197,500	-	-	-	-	197,500
Balance, June 30, 2025	\$ 1,721,205	\$ 609,875	\$ 302,450	\$ 32,051	\$ -	\$ 233,525	\$ 2,899,106
Additions	-	4,165,000	-	-	-	251,443	4,416,443
Disposals	-	-	-	(32,051)	-	-	(32,051)
Balance, March 31, 2026	\$ 1,721,205	\$ 4,774,875	\$ 302,450	\$ -	\$ -	\$ 484,968	\$ 7,283,498
Deferred Exploration Costs							
Balance, June 30, 2024	\$ 4,013,594	\$ 31,092	\$ 603,648	\$ 115,337	\$ -	\$ 82,740	\$ 4,846,411
Consulting	362,160	780,516	87	1,425	1,335	368,949	1,514,472
Geochemistry	27,217	407	-	-	-	-	27,624
Drilling	646,190	-	-	-	-	-	646,190
Other costs	121,453	5,747	-	150	67	6,334	133,751
Cost recovery	(1,157,020)	-	-	-	-	-	(1,157,020)
Impairment	-	-	-	-	(1,402)	-	(1,402)
Balance, June 30, 2025	\$ 4,013,594	\$ 817,762	\$ 603,735	\$ 116,912	\$ -	\$ 458,023	\$ 6,010,026
Consulting	125,921	365,565	-	-	-	1,528,239	2,019,725
Geochemistry	32,512	-	-	-	-	9,159	41,671
Drilling	29,270	-	-	-	-	-	29,270
Other costs	57,908	56,516	-	-	-	12,935	127,359
Assets disposal	-	-	-	(116,912)	-	-	(116,912)
Cost recovery	(245,243)	-	-	-	-	-	(245,243)
Balance, March 31, 2026	\$ 4,013,962	\$ 1,239,843	\$ 603,735	\$ -	\$ -	\$ 2,008,356	\$ 7,865,896
Balance, June 30, 2025	\$ 5,734,799	\$ 1,427,637	\$ 906,185	\$ 148,963	\$ -	\$ 691,548	\$ 8,909,132
Balance, March 31, 2026	\$ 5,735,167	\$ 6,014,718	\$ 906,185	\$ -	\$ -	\$ 2,493,324	\$ 15,149,394

a) Tomtebo Property

The Tomtebo Property is located in the Bergslagen Mining District of South Central Sweden.

On June 30, 2020, the Company completed its acquisition of 100% ownership of the Tomtebo (the "Tomtebo Property") from Viad Royalties AB, a wholly owned subsidiary of EMX Royalty Corp. ("EMX"). The consideration included a 2.5% net smelter royalty ("NSR") granted to EMX on the Tomtebo Property. The Company completed all requirements to retain the Tomtebo property from Viad Royalties AB, a wholly owned subsidiary of EMX Royalty Corp. ("EMX") in fiscal 2021, except for certain payments due upon a mineral resource estimate and/or preliminary economic assessment. EMX retains a 2.5% net smelter returns ("NSR") royalty.

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2026 and 2025

(Expressed in Canadian Dollars - Unaudited)

On October 27, 2023, the Company entered into a mineral property earn-in and option agreement (the "Earn-In Agreement") with Boliden Mineral AB ("Boliden") pursuant to which the Company, through its wholly-owned subsidiary District Metals AB, granted Boliden a right and option to acquire an 85% interest in the mineral claims comprising the Company's Tomtebo Property (the "Option").

On August 25, 2025, the Company received notice from Boliden of its decision to terminate the Option Agreement on the Tomtebo and Stollberg properties.

On October 8, 2025 the Company received an advance payment from Boliden in the amount of \$300,000 pursuant to the Earn-In Agreement for costs associated with the wind down of activities at Tomtebo and Stollberg.

The Company concluded activities under the Earn-In Agreement with Boliden during the three months ended December 31, 2025.

The Company acted as the operator during the Option stage and as consideration was entitled to a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the three months ended March 31, 2026, the Company issued a credit note of \$17,176 as an adjustment to invoices issued in December 2025, of which \$4,029 related to the operator fee (2025 – operator fee revenue of \$60,521). During the nine months ended March 31, 2026, the Company earned an operator fee of \$17,695 (2025 - \$135,403).

b) Viken Property

From April 2023 to January 2024, Bergslagen Metals AB, a wholly-owned subsidiary of District Metals, incorporated under the laws of Sweden, consolidated 100% of the Viken energy metals deposit located in Jämtland County, central Sweden through mineral license application and acquisition (the "Viken Property").

On January 15, 2024, the Company acquired the four mineral licenses covering the Viken deposit (Norra Leden, Norr Viken, Lill Viken and Storviken) (the "Viken Extension Agreement"). A summary of the principal terms of the Viken Extension Agreement are as follows:

- \$50,000 cash paid to the vendor on closing (paid).
- \$50,000 cash payable to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (paid).
- 1,000,000 District Metals shares issued to the vendor on closing (issued January 15, 2024 with a fair value of \$250,000).
- 3,500,000 District Metals shares to be issued to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (issued January 22, 2026 with a fair value of \$4,165,000). These District Metals shares are subject to a voluntary lock-up pursuant to which 1,000,000 shares will be released four months after issuance, 500,000 shares will be released six months after issuance, 1,000,000 shares will be released twelve months after issuance and 1,000,000 shares will be released 18 months after issuance.
- A 2% NSR royalty granted to the vendor on closing that can be repurchased (i) in its entirety at any time for a value of \$8,000,000 or (ii) in respect of the first 1% for \$2,000,000 (the "Viken NSR").

On January 31, 2025, the Company closed its acquisition of the Viken NSR over four of the mineral licenses covering the Viken deposit (Norra Leden, Norr Viken, Lill Viken and Storviken) for a purchase price consisting of 500,000 common shares of the Company with a fair value of \$197,500 (the "Viken NSR Consideration Shares") to the Vendor. As a result, the Viken Property is free of any NSR Royalty.

c) Gruvberget Property

The Gruvberget Property is located in the Bergslagen Mining District of South Central Sweden.

The Company has completed all requirements to retain the Gruvberget Property. Explora Mineral AB ("Explora") retains a 2.5% NSR royalty on the Gruvberget Property subject to the Company's option to repurchase the entire 2.5% NSR royalty for \$8,000,000, at any time.

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2026 and 2025**

(Expressed in Canadian Dollars - Unaudited)

d) Bakar Property

The Bakar Property is located on the northwest of Vancouver Island, British Columbia west of Port Hardy.

On June 3, 2025, the Company entered into a definitive agreement to sell its remaining 24.48% interest in the Bakar Property to Sherpa II for 1,500,000 common shares. On November 6, 2025 the Company completed the sale of its remaining interest in the Bakar Property to Sherpa II and received 1,500,000 common shares of Sherpa II. During the nine months ended March 31, 2026, the Company recognized a gain on sale of the Bakar Property of \$106,037.

e) Other Properties

Bergslagen Metals AB holds the following mineral licenses:

- Ardnasvarre nr 1 located in Norrbotten County, northern Sweden;
- Sågtjärn nr 101 to 103 located in the Jämtland and Västernorrland Counties in central Sweden; and
- Nianfors nr 1, 2 and 103 located in the Gävleborg County in central Sweden; and
- Alum Shale Properties, including Tåsjö nr 101 to 113, Malgomaj 1001 to 1004, Österkålen nr 101 and 102, Hallviken nr 1 and 2, and Forsåsen nr 1 and 2 located in the Jämtland and Västerbottens Counties, north-central Sweden.

At March 31, 2026, the Company held \$24,296 (June 30, 2025 - \$23,576) on deposit for reclamation deposits in Sweden for the Tomtebo, Viken and Gruvberget properties. At March 31, 2026, the Company also had \$460,435 (June 30, 2025 - \$529,986) on deposit with contractors for work not yet completed at March 31, 2026.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At March 31, 2026 and June 30, 2025, the Company's accounts payable and accrued liabilities are comprised of the following:

	March 31, 2026		June 30, 2025	
Trade payables	\$	168,091	\$	398,809
Accrued liabilities		136,650		181,284
	\$	304,741	\$	580,093

7. RECEIVABLE FROM BOLIDEN

At March 31, 2026 and June 30, 2025, the Company's (Receivable) Advance from Boliden is comprised of the following:

	March 31, 2026		June 30, 2025	
Advance balance, beginning	\$	221,343	\$	948,214
Funds received		236,320		1,539,294
Invoices issued or to be issued to Boliden		(519,993)		(2,379,060)
Credit issued to Boliden		17,176		-
Impact of change in exchange rates		27,537		112,895
(Receivable) advance balance, ending	\$	(17,617)	\$	221,343

8. SHARE CAPITAL**(a) Authorized share capital**

Unlimited number of common shares without par value.

(b) Issued share capitalNine months ended March 31, 2026

On January 22, 2026, the Company issued 3,500,000 common shares with a fair value of \$4,165,000 pursuant to the Viken Extension Agreement (Note 5).

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended March 31, 2026 and 2025**

(Expressed in Canadian Dollars - Unaudited)

During the nine months ended March 31, 2026, 6,507,000 share purchase warrants were exercised at an exercise price of \$0.30 and \$0.20 for gross proceeds of \$1,712,850.

During the nine months ended March 31, 2026, 62,281 compensation options were exercised at an exercise price of \$0.15 for aggregate gross proceeds of \$9,341. Accordingly, the Company reclassified \$9,279 from reserves to share capital.

During the nine months ended March 31, 2026, 2,352,500 stock options were exercised for aggregate gross proceeds of \$892,700. The Company issued 2,281,877 shares pursuant to the option exercises and reclassified \$810,284 from reserves to share capital.

During the nine months ended March 31, 2026, the Company recorded share issuance costs of \$9,892.

Nine months ended March 31, 2025

During the nine months ended March 31, 2025, the Company issued 57,500 common shares pursuant to the exercise of share purchase warrants at exercise prices of \$0.20 and \$0.30 for gross proceeds of \$14,750. As at March 31, 2025, \$9,750 was due in relation to the warrant exercise, recorded as subscription receivable.

During the nine months ended March 31, 2025, 484,914 compensation options were exercised for aggregate gross proceeds of \$80,565.

On January 31, 2025, the Company closed its acquisition of the 2% NSR Royalty over the remaining four mineral covering the Viken deposit licences (Norra Leden, Norr Viken, Lill Viken and Stoviken) pursuant to which, the Company issued 500,000 common shares with a fair value of \$197,500 of the Company (the "Viken NSR Consideration Shares") to the Vendor. As a result, the Company's 100% Viken deposit is free of any NSR Royalty. The Viken NSR Consideration Shares were subject to a hold period of 4 months and one day, which expired on June 1, 2025.

9. WARRANTS AND COMPENSATION OPTIONS**(a) Warrants**

A continuity schedule of the Company's outstanding common share purchase warrants is as follows:

	March 31, 2026		June 30, 2025	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	12,652,500	\$ 0.28	19,842,500	\$ 0.25
Issued	-	-	-	-
Exercised	(6,507,000)	0.26	(7,190,000)	0.20
Expired	(100,000)	0.20	-	-
Outstanding, end of period	6,045,500	\$ 0.30	12,652,500	\$ 0.28

At March 31, 2026, the Company had outstanding warrants exercisable to acquire common shares of the Company as follows:

Expiry date	Number outstanding and exercisable	Exercise price	Weighted average remaining contractual life (in years)
February 1, 2027	6,045,500	\$ 0.30	0.84
	6,045,500	\$ 0.30	0.84

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2026 and 2025**

(Expressed in Canadian Dollars - Unaudited)

(b) Compensation options

A continuity schedule of the Company's outstanding compensation options as at March 31, 2026 and June 30, 2025 is as follows:

	March 31, 2026		June 30, 2025	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	66,218	\$ 0.15	1,867,582	\$ 0.20
Granted	-	-	-	-
Exercised	(62,281)	0.15	(1,801,364)	0.20
Expired	(3,937)	0.15	-	-
Outstanding, end of period	-	\$ -	66,218	\$ 0.15

During the nine months ended March 31, 2026, 3,937 compensation options expired resulting in reversal of reserve to deficit in amount of \$586.

10. EQUITY INCENTIVE PLANS

The Company adopted an Omnibus Incentive Plan on November 4, 2024 (the "Plan"), re-approved by shareholders at the Company's annual general meeting on December 10, 2025. Under the Plan, the Company may grant its directors, officers, employees and consultants stock options, restricted share units, and deferred share units, up to 10% of its outstanding shares. Vesting terms and conditions of securities issued under the Plan are determined by the Board of Directors.

(a) Stock options

Under the Plan, the exercise price of the stock options shall not be less than the market value ("Market Value") of the common shares of the Company as of the grant date. Market Value will be the closing trading price of the common shares on the day immediately preceding the grant date and may be less than this price if it is within the discounts permitted by the applicable regulatory authorities including the TSX Venture Exchange. The expiry date of an option shall be determined by the Board of Directors of the Company and shall be no later than the tenth anniversary of the grant date of such option.

A continuity schedule of the Company's outstanding stock options is as follows:

	March 31, 2026		June 30, 2025	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	13,365,000	\$ 0.38	11,975,000	\$ 0.27
Granted	300,000	1.24	3,300,000	0.69
Exercised	(2,352,500)	0.41	(1,795,000)	0.21
Expired	-	-	(115,000)	0.32
Outstanding and exercisable, end of period	11,312,500	\$ 0.40	13,365,000	\$ 0.38

During the three and nine months ended March 31, 2026 and 2025, the Company recognized an expense in respect of stock options of \$32,960 in the statement of loss and comprehensive loss (2025 - \$Nil).

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2026 and 2025**

(Expressed in Canadian Dollars - Unaudited)

At March 31, 2026, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

Expiry date	Number outstanding and exercisable	Weighted average Exercise price	Weighted average remaining contractual life(in years)
April 13, 2026	50,000	\$ 0.40	0.04
October 7, 2026	1,980,000	\$ 0.25	0.52
March 6, 2028	2,160,000	\$ 0.20	1.93
December 5, 2028	250,000	\$ 0.175	2.68
February 1, 2029	3,042,500	\$ 0.28	2.84
February 13, 2029	300,000	\$ 0.30	2.88
May 9, 2029	50,000	\$ 0.42	3.11
June 27, 2030	3,180,000	\$ 0.69	4.24
January 19, 2031	300,000	\$ 1.24	4.81
	11,312,500	\$ 0.44	2.70

During the three months ended March 31, 2026, the Company granted 300,000 (2025 – Nil) options. The fair value of each option granted is estimated on the date of grant using Black-Scholes option pricing model. The weighted average assumption and resulting fair values for the grants are as follows:

Inputs and assumptions	Year Ended March 31, 2026
Exercise price	\$1.24
Market price	\$1.24
Expected life of options (years)	5.0
Expected stock price volatility	98%
Average risk-free interest rate	2.91%
Expected forfeiture rate	-
Expected dividend yield	-
Fair value per option granted	\$0.92

(b) Restricted share units

The Company grants restricted share units (“RSUs”) in accordance with the Plan. These RSUs are classified as equity-settled, net of withholding taxes, as the Company expects that these awards will be settled by issuing shares and are valued at the market price of the Company shares on the date of grant.

A continuity schedule of the Company’s outstanding RSU’s is as follows:

	March 31, 2026		June 30, 2025	
	Number outstanding	Market Value at grant date	Number outstanding	Market Value at grant date
Outstanding, beginning of year	925,000	\$ 0.69	-	\$ -
Issued	100,000	0.44	925,000	0.69
Outstanding, end of period	1,025,000	\$ 0.67	925,000	\$ 0.69

The Board of Directors approved a 12-month vesting period for the RSUs granted during the three months ended March 31, 2026.

During the three and nine months ended March 31, 2026, the Company recognized an expense in respect of RSUs in the statement of loss and comprehensive loss of \$100,257 and \$296,848, respectively (2025 - \$Nil).

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2026 and 2025**

(Expressed in Canadian Dollars - Unaudited)

(c) Deferred share units

Directors of the Company are eligible for deferred share units ("DSUs) in accordance with the Plan. The DSUs vest in three equal tranches: tranche one - twelve months from grant date, tranche two - twenty-four months from the grant date and tranche three - thirty-six months from grant date, and are redeemed upon a director ceasing to be a director of the Company. These DSUs are classified as equity-settled, net of withholding taxes, as the Company expects that these awards will be settled by issuing shares and are valued at the market price of the Company shares on the date of grant.

A continuity schedule of the Company's outstanding DSU's is as follows:

	March 31, 2026		June 30, 2025	
	Number outstanding	Market Value at grant date	Number outstanding	Market Value at grant date
Outstanding, beginning of year	675,000	\$ 0.69	-	\$ -
Issued	-	-	675,000	0.69
Outstanding, end of period	675,000	\$ 0.69	675,000	\$ 0.69

During the three and nine months ended March 31, 2026, the Company recognized an expense in respect of DSUs in the statement of loss and comprehensive loss of \$70,170 and \$213,629, respectively (2025 - \$Nil).

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to continue its business and maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company's capital includes the components of its shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash. In order to preserve cash, the Company does not pay any dividends.

The Company is not subject to any externally imposed capital requirements. The Company did not change its capital management approach during the nine months ended March 31, 2026.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements.

12. FINANCIAL INSTRUMENTS**a) Categories of financial instruments and fair value measurements**

The Company's financial assets and liabilities are classified as follows:

	March 31, 2026	June 30, 2025
Financial assets:		
<i>Amortized cost</i>		
Cash and cash equivalents	\$ 8,141,850	\$ 9,740,155
Receivable from Boliden	17,617	-
<i>Fair value through profit and loss</i>		
Investment	500,000	150,000
Financial liabilities:		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	\$ 304,741	\$ 580,093
Advance from Boliden	-	221,343

Accounts payable and accrued liabilities as at March 31, 2026 includes amounts due to related parties (Note 14).

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2026 and 2025

(Expressed in Canadian Dollars - Unaudited)

b) Fair value information

The fair values of the Company's cash and cash equivalents, advance from Boliden and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments.

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments in marketable securities are measured at fair value using Level 1 inputs. At March 31, 2026 and June 30, 2025, the Company had no financial assets measured and recognized on the consolidated statements of financial position at fair value belonging in Level 2 or Level 3 of the fair value hierarchy.

c) Management of financial risks

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At March 31, 2026 and June 30, 2025, the Company was exposed to credit risk on its cash and cash equivalents and receivables, primarily comprised of GST and VAT receivables.

The Company's cash and cash equivalents are held with high credit quality financial institutions in Canada and Sweden, and GST and VAT receivable is recoverable from the governments of Canada and Sweden, respectively. As at March 31, 2026 and June 30, 2025, management considers its exposure to credit risk to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and cash equivalents and managing its capital and expenditures.

At March 31, 2026, the Company had cash and cash equivalents of \$8,141,850 (June 30, 2025 - \$9,740,155) and accounts payable and accrued liabilities of \$304,741 (June 30, 2025 - \$580,093) with contractual maturities of less than one year. At June 30, 2025, there was \$221,343 of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB included in cash and cash equivalents that were not available for general use (Note 5). The Company had sufficient cash to meet its current liabilities as at March 31, 2026. The Company assessed its liquidity risk as low as at March 31, 2026 and June 30, 2025.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at March 31, 2026 and June 30, 2025.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies.

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended March 31, 2026 and 2025**

(Expressed in Canadian Dollars - Unaudited)

As at March 31, 2026 and June 30, 2025, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in Euros and SEK:

March 31, 2026				
	Euros	SEK	GBP	AUD
Cash and cash equivalents	2,196	2,481,970	-	-
GST and VAT receivable	-	122,021	-	-
Prepaid expenses	-	194,686	-	-
Accounts payable and accrued liabilities	(18,657)	(982,654)	(3,000)	(6,323)
Advance from Boliden	-	120,088	-	-
Net	(16,461)	1,936,111	(3,000)	(6,323)
Canadian dollar equivalent	\$ (26,457)	\$ 284,027	\$ (5,532)	\$ (6,064)

June 30, 2025		
	Euros	SEK
Cash and cash equivalents	2,156	4,762,073
VAT receivable	-	1,394,737
Prepaid expenses	-	3,901,788
Accounts payable and accrued liabilities	(22,353)	(1,279,231)
Advance from Boliden	-	(1,540,315)
Net	(20,197)	7,239,052
Canadian dollar equivalent	\$ (32,375)	\$ 1,040,252

Based on the above net exposures, a 10% change in the Canadian dollar/Euro, Canadian dollar/SEK, Canadian dollar/GBP and Canadian dollar/AUD exchange rate would impact the Company's net loss by approximately \$2,646 (June 30, 2025 - \$3,328), \$28,403 (June 30, 2025 - \$104,025), \$553 (June 30, 2025 - \$Nil) and \$606 (June 30, 2025 - \$Nil), respectively. As at March 31, 2026 and June 30, 2025 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at March 31, 2026 and June 30, 2025.

13. SEGMENTED INFORMATION

The Company is organized into business units based on exploration and evaluation assets and has two reportable operating segments, being that of acquisition and exploration and evaluation activities in Canada and Sweden. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's non-current assets are segmented geographically as follows:

As at March 31, 2026	Sweden		Canada		Total
Advances and deposits	\$	24,296	\$	460,435	\$ 484,731
Exploration and evaluation assets		15,149,394		-	15,149,394
	\$	15,173,690	\$	460,435	\$ 15,634,125

As at June 30, 2025	Sweden		Canada		Total
Advances and deposits	\$	553,562	\$	-	\$ 553,562
Exploration and evaluation assets		8,760,169		148,963	8,909,132
	\$	9,313,731	\$	148,963	\$ 9,462,694

14. RELATED PARTY TRANSACTIONS

The Company's related parties consist of its key management personnel and close family members of its key management personnel, including its directors and officers.

During the normal course of business, the Company enters into transactions with its related parties that are considered to be arm's length transactions.

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2026 and 2025

(Expressed in Canadian Dollars - Unaudited)

- (a) Key management compensation for the three and six months ended March 31, 2026 and 2025 were as follows:

	For the three months ended		For the nine months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Salary	\$ 63,750	\$ 63,750	\$ 318,750	\$ 318,750
Consulting	76,500	60,000	319,500	258,960
Total	\$ 140,250	\$ 123,750	\$ 638,250	\$ 577,710

- (b) The Company entered into an executive employment agreement with Garrett Ainsworth on June 1, 2020 (the "**Ainsworth Agreement**"), which was subsequently amended on June 1, 2025 to incorporate certain change of control provisions approved by the Board, as set out below. Under the terms of the Ainsworth Agreement, as amended, Mr. Ainsworth is eligible to receive an annual performance bonus and/or special bonus to be set by the Board. The maximum performance bonus is 50% of Mr. Ainsworth's annual salary and may be adjusted based on Mr. Ainsworth's performance during the year.

The Company entered into a consulting agreement with Marlis Yassin on February 4, 2021 (the "**Yassin Agreement**"), which was subsequently amended on June 1, 2025 to incorporate certain change of control provisions approved by the Board, as set out below. Under the terms of the Yassin Agreement, as amended, Ms. Yassin is eligible to receive performance bonuses based on the satisfaction of performance milestones established by the Board from time-to-time.

In the event of a change of control and the applicable executive is terminated without cause within the 12 months of the change of control, each executive shall be entitled to receive 24 months' salary or fees and bonus, and all incentive securities shall vest immediately.

In the event of termination without cause other than in connection with a change of control, each executive shall be entitled to receive 12 months' salary or fees and bonus, and all incentive securities shall vest immediately.

- (c) Pursuant to the Ainsworth Agreement, the Company incurred a total salary and bonus of \$63,750 and \$318,750 to the CEO during the three and nine months ended March 31, 2026 (2025 - \$63,750 and \$318,750). The Company had \$20,628 due to the CEO in relation to reimbursable expenses at March 31, 2026 (June 30, 2025 - \$Nil).
- (d) Pursuant to the Yassin Agreement, during the three and nine months ended March 31, 2026, the Company paid consulting fees and bonus of \$30,000 and \$150,000 (2025 - \$22,500 and \$112,500), respectively, for services provided by the CFO. The Company had \$3,187 due to the CFO in relation to reimbursable expenses at March 31, 2026 (June 30, 2025 - \$Nil).
- (e) During the three and nine months ended March 31, 2026 and 2025, the Company incurred stock-based compensation expense of \$166,329 and \$506,378 (2025 - \$Nil), respectively, related to RSUs and DSUs granted to officers and directors of the Company.
- (f) In each of the three and nine months ended March 31, 2026 and 2025, the Company paid director's fees of \$18,000 and \$72,000 (2025 - \$9,000 and \$63,000), recorded in consulting fees, to directors of the Company.
- (g) During the three and nine months ended March 31, 2026 and 2025, the Company paid consulting fees of \$28,500 and \$85,500, (2025 - \$28,500 and \$83,460) respectively, to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. During the three and nine months ended March 31, 2026, the Company also paid consulting fees of \$Nil and \$12,000 (2025 - \$Nil), respectively, for services provided directly to District Metals AB in relation to the Earn-in Agreement with Boliden Mineral AB. These costs were recovered pursuant to the Earn-In Agreement. The Company had \$323 due to the company controlled by a close family member of the CFO in relation to reimbursable expenses at March 31, 2026 (June 30, 2025 - \$78).

15. SUBSEQUENT EVENTS

Subsequent to March 31, 2026, 50,000 stock options were exercised for gross proceeds of \$20,000.

On May 12, 2026, the Company closed a non-brokered private placement financing raising \$9,999,999.76 through an offering of 14,705,882 common shares in the capital of the Company at a price of \$0.68 per common share (the "May 2026 Offering"). The Company paid a finder's fee of \$487,504.99 in connection with the May 2026 Offering.



Management Discussion and Analysis For the Three and Nine Months Ended March 31, 2026 and 2025

This management's discussion and analysis ("MD&A") is provided to enable the reader to assess the financial condition and results of operations of District Metals Corp. (the "Company", "District" or "District Metals") for the three and nine months ended March 31, 2026. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and nine months ended March 31, 2026 and 2025, prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), and the audited annual consolidated financial statements of the Company for the financial year ended June 30, 2025 and 2024. This MD&A complements and supplements but does not form part of the Company's condensed consolidated interim financial statements.

This MD&A contains forward-looking information. In particular, statements regarding the adequacy of cash resources to carry out the Company's exploration programs, plans for additional exploration and the possible results of an inquiry into the mining of alum shales in Sweden are forward-looking information. All forward-looking information, including those not specifically identified herein, are made subject to cautionary language on page 12. Readers are advised to refer to the cautionary language when reading any forward-looking information.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of May 28, 2026.

BUSINESS OVERVIEW

The Company was incorporated under the *Business Corporations Act* (Alberta) on July 24, 1989, and continued into the Province of British Columbia on March 31, 2006. On July 17, 2019, the Company changed its name to District Metals Corp. The Company is listed on the TSX Venture Exchange (the "Exchange") under the trading symbol "DMX", on the Frankfurt Stock Exchange under the symbol "DFPP" and on the United States OTCQX under the symbol "DMXCF". On January 23, 2025, the Company's depository receipts began trading on Nasdaq First North Growth Market under the symbol "DMXSE SDB". On November 12, 2025, the Company's common shares were upgraded to the OTCQX Market from the OTCQB Market in the United States. The Company has two wholly-owned subsidiaries incorporated under the laws of Sweden, District Metals AB and Bergslagen Metals AB.

The Company is a uranium polymetallic exploration company focused on its flagship Viken Property in Sweden. The Viken Deposit is a polymetallic alum shale resource contained within the Cambrian Viken Shale. Alum shale is a host rock that contains uranium and other important and critical raw materials such as vanadium, potash, molybdenum, nickel, copper, zinc and rare earth elements.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. The Company's ability to raise additional funds is affected by numerous factors outside the Company's control, including in particular, the global economy and uranium mining regulation in Sweden, including specifically whether mining of alum shale will be subject to additional regulation. The global economy is currently characterized by increased volatility arising in part from international trade disputes, including tariffs, constrained GDP growth and geo-political risk in Europe and the Middle East.

Further, the Company's funding requirements may vary from those planned due to a number of factors, including the acquisition of new projects and increased costs. There is no guarantee that the Company will be able to secure additional sources of financing in the future at terms that are favourable, or at all.

A summary of the expenditures incurred on the Company's properties during the nine months ended March 31, 2026 and the year ended June 30, 2025 are as follows:

	Tomtebo Property	Viken Property	Gruvberget Property	Bakar Property	Svärdsjö Property	Other Properties	Total
Acquisition Costs							
Balance, June 30, 2024	\$ 1,721,205	\$ 412,375	\$ 302,450	\$ 32,051	\$ -	\$ 233,525	\$ 2,701,606
Additions	-	197,500	-	-	-	-	197,500
Balance, June 30, 2025	\$ 1,721,205	\$ 609,875	\$ 302,450	\$ 32,051	\$ -	\$ 233,525	\$ 2,899,106
Additions	-	4,165,000	-	-	-	251,443	4,416,443
Disposals	-	-	-	(32,051)	-	-	(32,051)
Balance, March 31, 2026	\$ 1,721,205	\$ 4,774,875	\$ 302,450	\$ -	\$ -	\$ 484,968	\$ 7,283,498
Deferred Exploration Costs							
Balance, June 30, 2024	\$ 4,013,594	\$ 31,092	\$ 603,648	\$ 115,337	\$ -	\$ 82,740	\$ 4,846,411
Consulting	362,160	780,516	87	1,425	1,335	368,949	1,514,472
Geochemistry	27,217	407	-	-	-	-	27,624
Drilling	646,190	-	-	-	-	-	646,190
Other costs	121,453	5,747	-	150	67	6,334	133,751
Cost recovery	(1,157,020)	-	-	-	-	-	(1,157,020)
Impairment	-	-	-	-	(1,402)	-	(1,402)
Balance, June 30, 2025	\$ 4,013,594	\$ 817,762	\$ 603,735	\$ 116,912	\$ -	\$ 458,023	\$ 6,010,026
Consulting	125,921	365,565	-	-	-	1,528,239	2,019,725
Geochemistry	32,512	-	-	-	-	9,159	41,671
Drilling	29,270	-	-	-	-	-	29,270
Other costs	57,908	56,516	-	-	-	12,935	127,359
Assets disposal	-	-	-	(116,912)	-	-	(116,912)
Cost recovery	(245,243)	-	-	-	-	-	(245,243)
Balance, March 31, 2026	\$ 4,013,962	\$ 1,239,843	\$ 603,735	\$ -	\$ -	\$ 2,008,356	\$ 7,865,896
Balance, June 30, 2025	\$ 5,734,799	\$ 1,427,637	\$ 906,185	\$ 148,963	\$ -	\$ 691,548	\$ 8,909,132
Balance, March 31, 2026	\$ 5,735,167	\$ 6,014,718	\$ 906,185	\$ -	\$ -	\$ 2,493,324	\$ 15,149,394

Tomtebo Property, Sweden

The Tomtebo property is located in the Bergslagen Mining District of South Central Sweden. It comprises 5,144 ha.

On October 27, 2023, the Company entered into a mineral property earn-in and option agreement (the "Earn-In Agreement") with Boliden Mineral AB ("Boliden") pursuant to which the Company, through District Metals AB, granted Boliden a right and option to acquire an 85% interest in the mineral claims comprising the Company's Tomtebo Property (the "Option").

From early February to late April 2025, pursuant to the Earn-In Agreement, a total of 2,485 m were drilled in five holes at the Steffenburgs zone within the historic Tomtebo Mine area and at Kvistaberget, a prospective target located 5 km northeast of the historic Tomtebo Mine area within the Tomtebo Property. Assay results from this drill program were announced in July 2025.

On August 25, 2025, the Company received notice from Boliden of its decision to terminate the Earn-In Agreement. Pursuant to the terms of the Earn-In Agreement, Boliden was required to leave the Tomtebo Property in good standing until the end of the 90-day termination notice period and will fulfill all contractual obligations.

On October 8, 2025 the Company received an advance payment from Boliden in the amount of \$300,000 pursuant to the Earn-In Agreement for costs associated with the wind down of activities at Tomtebo and Stollberg.

The Company concluded activities under the Earn-In Agreement with Boliden during the three months ended December 31, 2025.

The Company acted as the operator during the Option stage and as consideration was entitled to a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the three months ended March 31, 2026, the Company issued a credit note of \$17,176 as an adjustment to invoices issued in December 2025, of which \$4,029 related to the operator fee (2025 – operator fee revenue of \$60,521). During the nine months ended March 31, 2026, the Company earned an operator fee of \$17,695 (2025 - \$135,403).

Viken Property, Sweden

From April 2023 to January 2024, Bergslagen Metals AB consolidated 100% of the Viken energy metals deposit located in Jämtland County, central Sweden through a combination of mineral license applications and acquisitions (the "Viken Property"). The Viken Property currently totals 37,211 hectares (ha) and is a polymetallic alum shale resource contained within the Cambrian Viken Shale.

On January 15, 2024, the Company acquired the four mineral licenses covering the Viken deposit (Norra Leden, Norr Viken, Lill Viken and Storviken) from an individual vendor (the "Viken Extension Agreement"). A summary of the principal terms of the acquisition are as follows:

- \$50,000 cash paid to the vendor on closing (paid).
- \$50,000 cash payable to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (paid).
- 1,000,000 District Metals shares issued to the vendor on closing (issued January 15, 2024 with a fair value of \$250,000).
- 3,500,000 District Metals shares to be issued to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (issued January 22, 2026 with a fair value of \$4,165,000). These District Metals shares are subject to a voluntary lock-up pursuant to which 1,000,000 shares will be released four months after issuance, 500,000 shares will be released six months after issuance, 1,000,000 shares will be released twelve months after issuance and 1,000,000 shares will be released 18 months after issuance.
- A 2% NSR royalty granted to the vendor on closing that can be repurchased by the Company (i) in its entirety at any time for a value of \$8,000,000 or (ii) in respect of the first 1%, for \$2,000,000 (the "Viken NSR").

On January 31, 2025, the Company acquired the Viken NSR for a purchase price consisting of 500,000 common shares of the Company (the "Viken NSR Consideration Shares") to the vendor. As a result, the Viken Property is free of any NSR Royalty.

On April 29, 2025, District Metals announced a mineral resource estimate on the Viken Energy Metals Deposit and issued a technical report thereon pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") (the "Viken MRE"), including an inferred mineral resource estimate of 4.3 billion tonnes at a grade of 161 ppm of uranium containing 1.5 billion pounds uranium. The Company included additional important and critical raw materials in the current Viken MRE; however, the historical drill hole geochemical results did not include analysis on the full suite of rare earth elements, which may have potential to create additional value for future economic studies. The MRE has been prepared in accordance with NI 43-101, has an effective date of April 25, 2025, and takes into account the results from a total of 122 drill holes (by previous operators between 2006 and 2012) on the Viken Property, which consists of the Viken nr 1, Norr Viken, Lill Viken, Norra Leden, and Storviken mineral licenses that are 100% owned by the Company. The spacing of the drill holes ranges from 30 to 380 metres and averages approximately 300 metres. The mineralized alum shale extends under the entire Viken Property and beyond its boundaries.

On June 24, 2025, the Company conducted a helicopter-borne Mobile MagnetoTellurics System ("MobileMT") survey in two phases. Phase 1 captured the conductive signature of the mineralized alum shale host rock that makes up the Viken Energy Metals Deposit and phase 2 was flown over the remainder of the Viken Property, with the objective of identifying additional conductive signatures of interest for follow up drilling.

On September 24, 2025, the Company announced the completion of the interpretation of the MobileMT data. District intends to leverage the MobileMT signature of alum shales to prioritize target areas outside of the Viken MRE.

On May 19, 2026, District announced positive results on a joint initiative with Xoma AB ("Xoma"), a Swedish water treatment company, focused on advancing effective solutions for the purification of water impacted by metal leaching from mineralized alum shale. Preliminary testing evaluated a stepwise microalgae-based purification process using water mixed with mineralized alum shale (leachate) recovered from the Viken Property designed to replicate conditions associated with natural alum shale weathering. Under certain environmental conditions alum shale has potential to mobilize metals into water. The results confirm that microalgae-based treatment offers a controllable and scalable method for reducing metal concentrations in water. While single-dose treatments delivered strong performance, the enhanced results from double dosing suggest the process is capacity-driven, providing valuable insights for optimization and future design. District and Xoma have agreed to conduct additional testing as the Viken Property is developed.

Gruvberget Property, Sweden

The Gruvberget property is located approximately 230km northwest of Stockholm in Sweden and 35km northwest of the Tomtebo property. It comprises 5,286 ha.

The Company has completed all requirements to retain the Gruvberget Property. Explora Mineral AB (“Explora”) retains a 2.5% NSR royalty on the Gruvberget Property (the “Gruvberget NSR”), subject to the Company’s option to repurchase the entire Gruvberget NSR for \$8,000,000 at any time.

Bakar Property, British Columbia

The Bakar property is located on the northwest of Vancouver Island, British Columbia approximately 40km west of Port Hardy. It comprises 15,687 ha.

On June 3, 2025, the Company entered into a definitive agreement to sell its remaining 24.48% interest in the Bakar Property to Sherpa II Holdings Corp. (“Sherpa II”) for 1,500,000 common shares of Sherpa II. On November 6, 2025 the Company completed the sale of its remaining interest in the Bakar Property to Sherpa II and received 1,500,000 common shares of Sherpa II. During the nine months ended March 31, 2026, the Company recognized a gain on sale of the Bakar Property of \$106,037.

Other Properties

In 2023 and 2024, the Company was issued the following mineral licenses by the Bergsstaten (Mining Inspectorate) (collectively, the “Other Properties”), including:

- Ardnasvarre nr 1 over a 9,708 ha area located in Norrbotten County, northern Sweden;
- Sågtjärn nr 101 to 103, covering 4,282 ha located in the Jämtland and Västernorrland Counties in central Sweden;
- Nianfors nr 1, 2 and 103, covering 3,134 ha located in the Gävleborg County in central Sweden; and
- Alum Shale Properties, including Tåsjö nr 101 to 102 and 104 to 113, Malgomaj nr 1001 to 1004, Österkålen nr 101 and 102, Hallviken nr 1 and 2, and Forsåsen nr 1 and 2 located in the Jämtland and Västerbottens Counties, north-central Sweden.

In October and November 2025, the Company received approval for mineral licenses for Sågtjärn nr 103 and Nianfors nr 103 covering a total area of 745 hectares (ha).

In January and February 2026, the Company received approval for 11 mineral licenses covering a total area of 72,078 hectares (ha), including Tåsjö nr 109 to 113, Malgomaj nr 1004, Österkålen nr 102, Hallviken nr 1 and 2, Forsåsen nr 1 and 2.

The Company applied for additional alum shale mineral licenses following the results from Unmanned Aerial Vehicle (“UAV”) radiometric and magnetic surveys at the Sågtjärn and Nianfors Properties and MobileMT surveys at Österkålen, Tåsjö and Malgomaj Properties, along with a comprehensive study that took into account areas with favourable geology, geochemistry, and geophysics for mineralized alum shales during the nine months ended March 31, 2026. During the nine months ended March 31, 2026, the Company also completed UAV radiometric and magnetic surveys at Ardnasvarre.

The Company believes that all of the Other Properties are prospective for uranium.

Regulation of Uranium Mining in Sweden

On November 5, 2025, the Swedish Parliament voted to repeal the moratorium on uranium exploration and mining in Sweden, imposed in 2018, and approved new legislation effective January 1, 2026 permitting uranium exploration and mining. Exploration and mining of uranium from Swedish deposits was made legal on January 1, 2026. This vote did not repeal the municipal veto on uranium processing.

On February 4 and 5, 2026, through the media, the Swedish Government proposed an investigation into mining of alum shales that could result in a new municipal veto on alum shale mining in Sweden and lifting the current municipal veto for uranium processing. As announced, the scope of the inquiry includes consideration of a new municipal veto for alum shale extraction, with retrospective application.

The Company looks forward to engaging constructively with regulators, local authorities, and other stakeholders to support a transparent, environmentally responsible, and commercially viable mining framework in Sweden for uranium, including alum shale.

In the meantime, the Company continues to advance its exploration plans across its portfolio of uranium properties in Sweden as announced on January 13, 2026.

FINANCIAL REVIEW

For a discussion of the factors affecting the Company's losses see "Summary of quarterly results" and "Results of operations" below.

Results of operations for the three months ended March 31, 2026

The Company incurred a loss and comprehensive loss of \$796,590 during the three months ended March 31, 2026 as compared to the net loss and comprehensive loss of \$322,673 for the three months ended March 31, 2025, an increase in loss of \$473,917. The increase in loss and comprehensive loss was primarily driven by increases in:

- Stock-based compensation of \$203,387, as a result of stock options, RSU and DSU vesting in the current period with no corresponding expense in the prior year period due to the timing of issuances;
- Marketing and investor relations costs and general and administrative costs of \$102,026, largely due to the timing of expenses throughout the year relative to the prior year period, and consistent with increased corporate and operational activity, including an increase in conferences and related travel expenses;
- Salaries and consulting fees of \$94,391, as a result of an increase in activity by consultants, consistent with increased corporate and operational activity, along with an increase in bonuses paid relative to the prior year period;
- A decrease in other income of \$85,289, largely resulting from the termination of the Option Agreement with Boliden in August 2025; and
- Fair value loss on investment of \$17,500, with a loss of \$37,500 in three months ended March 31, 2026 compared to loss of \$20,000 in the prior year period driven by Sherpa II share price fluctuations.

The increase in loss and comprehensive loss was partially offset by:

- A decrease in professional fees of \$59,460, driven largely by the timing of listing-related expenses in the prior year period coinciding with the trading of the Company's depository receipts on the Nasdaq First North Growth Market in Sweden; and
- An increase in interest and dividend income of \$25,421, due to a larger balance of cash invested in GICs in the current year period relative to the prior year period.

Results of operations for the nine months ended March 31, 2026

The Company incurred a loss and comprehensive loss of \$1,844,023 during the nine months ended March 31, 2026 as compared to the net loss and comprehensive loss of \$1,477,893 for the nine months ended March 31, 2025, an increase in loss of \$366,130. The increase in loss and comprehensive loss was primarily driven by:

- An increase in stock-based compensation of \$543,437 as a result of stock options, RSU and DSU vesting in the current period with no corresponding expense in the prior year period due to the timing of issuances;
- An increase in salaries and consulting fees of \$257,750, as a result of an increase in activity by consultants, consistent with increased corporate and operational activity, along with an increase in bonuses paid relative to the prior year period; and
- A decrease in other income of \$126,154, largely resulting from the termination of the Option Agreement with Boliden in August 2025;

The increase in loss and comprehensive loss in the period were partially offset by:

- An increase in fair value gain on investment, with a gain of \$95,000 in nine months period ended March 31, 2026 compared to loss of \$115,000 in the prior year period due to Sherpa II share price fluctuations;
- A decrease in professional fees of \$171,556 and transfer agent, regulatory and listing fees of \$48,393, driven largely by the timing of listing-related expenses in the prior year period coinciding with the trading of the Company's depository receipts on the Nasdaq First North Growth Market in Sweden;
- A gain from the sale of Bakar property during nine months period ended March 31, 2026 in amount of \$106,037.

Summary of quarterly results

The following table provides a summary of financial data for the Company's most recent eight quarters derived from the Company's unaudited condensed interim financial statements and audited annual consolidated financial statements:

			Loss before other		Loss and	Basic and diluted
	Quarter ended	Revenue	income and		comprehensive loss	income (loss) per
			expenses			common share
Q3/26	March 31, 2026	\$ -	\$ (784,880)	\$	(796,590)	\$ (0.00)
Q2/26	December 31, 2025	\$ -	\$ (955,256)	\$	(684,443)	\$ (0.00)
Q1/26	September 30, 2025	\$ -	\$ (510,260)	\$	(362,990)	\$ (0.00)
Q4/25	June 30, 2025	\$ -	\$ (2,097,713)	\$	(1,988,916)	\$ (0.03)
Q3/25	March 31, 2025	\$ -	\$ (447,705)	\$	(322,673)	\$ (0.00)
Q2/25	December 31, 2024	\$ -	\$ (808,951)	\$	(707,052)	\$ (0.01)
Q1/25	September 30, 2024	\$ -	\$ (522,981)	\$	(448,168)	\$ (0.00)
Q4/24	June 30, 2024	\$ -	\$ (464,051)	\$	(1,056,211)	\$ (0.01)

The primary factors affecting the magnitude and variations of the Company's losses are as follows:

- The Company's Q3 2026 loss was influenced by stock-based compensation expense of \$203,387. When normalized for this amount, the net loss was \$593,203
- The Company's Q2 2026 loss was influenced by annual incentive payments of \$284,034 recognized during the quarter. When normalized for this amount, the net loss was \$400,409.
- The Company's Q1 2026 loss was influenced by stock-based compensation expense of \$170,025. When normalized for this amount, the net loss was \$192,965.
- The Company's Q4 2025 loss was influenced by stock-based compensation expense of \$1,717,830. When normalized for this amount, the net loss was \$271,086.
- The Company's Q3 2025 loss was influenced by increased transfer agent, regulatory, and listing fees as well as professional fees in relation to the Company's listing on the Nasdaq First North Growth Market stock exchange in Sweden during that quarter.
- The Company's Q2 2025 loss was influenced by annual incentive payments of \$208,500 recognized during the quarter. When normalized for this amount, the loss was \$498,552.
- An unrealized loss on investment in marketable securities of \$95,000 contributed to the loss in Q1 2025.
- The Company's Q4 2024 loss was influenced by a write-down of exploration and evaluation assets related to the Company's Svärdsjö property. After normalizing for the write-down, loss was \$594,433.

LIQUIDITY AND CAPITAL RESOURCES

The Company's condensed consolidated interim financial statements for the three and nine months ended March 31, 2026 have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

At March 31, 2026, the Company had cash and cash equivalents of \$8,141,850 (June 30, 2025 - \$9,740,155) and accounts payable and accrued liabilities of \$304,741 (June 30, 2025 - \$580,093) with contractual maturities of less than one year. At March 31, 2026, all cash and cash equivalents were available for general use. At June 30, 2025, there was \$221,343 of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB, which were included in cash and cash equivalents and were not available for general use. The Company had sufficient cash to meet its current liabilities as at March 31, 2026. The Company assessed its liquidity risk as low as at March 31, 2026 and June 30, 2025.

On May 12, 2026, the Company closed non-brokered private placement financing under the Listed Issuer Financing Exemption raising \$9,999,999.76 through an offering of 14,705,882 common shares in the capital of the Company at \$0.68 per common share (the "May 2026 Offering"). The Company paid a finder's fee of \$487,504.99 in connection with the May 2026 Offering.

During the nine months ended March 31, 2026, 6,507,000 share purchase warrants were exercised at an exercise price of \$0.30 and \$0.20 for gross proceeds of \$1,712,850.

During the nine months ended March 31, 2026, 62,281 compensation options were exercised at an exercise price of \$0.15 for aggregate gross proceeds of \$9,341. Accordingly, the Company reclassified \$9,279 from reserves to share capital.

During the nine months ended March 31, 2026, 2,352,500 stock options were exercised for aggregate gross proceeds of \$892,700. The Company issued 2,281,877 shares pursuant to the option exercises and reclassified \$810,284 from reserves to share capital.

Subsequent to March 31, 2026, 50,000 stock options were exercised for gross proceeds of \$20,000.

On May 21, 2025, the Company closed a non-brokered private placement financing under the Listed Issuer Financing Exemption, whereby the Company raised \$6,000,000 through the sale of 22,222,221 common shares at \$0.27 per share (the "May 2025 Financing"). The Company paid a finder's fee of \$300,000 in connection with the May 2025 Financing and incurred other share issuance costs of \$117,145. The table below summarizes the expected use of proceeds and the actual use of proceeds from the May 2025 Financing:

May 2025 Financing	Expected Use of Proceeds	Actual Use of Proceeds to Date	Variance
Airborne geophysical surveys at Viken Property ⁽¹⁾	\$825,000	\$518,800	\$306,200
Airborne geophysical surveys at Alum Shale Properties ⁽²⁾	\$2,400,000	\$2,400,900	\$(900)
Complete NI 43-101 technical report in progress at Viken Property ⁽²⁾	\$70,000	\$66,700	\$3,300
Complete the ongoing drilling program at the Tomtebo Property ⁽³⁾	\$890,000	\$675,500	\$214,500
Complete the planned drilling program at the Stollberg property ⁽³⁾	\$1,460,000	\$Nil	\$1,460,000
General corporate purposes ⁽¹⁾	\$1,860,000	1,488,000	\$372,000
Total	\$7,505,000	\$5,149,900	\$2,355,100

Notes:

- (1) The difference between the funds raised and the amount spent primarily reflects the timing of the financing, which was completed late in the second quarter of 2025, as well as the phased nature of exploration activities and related expenditures. The remaining proceeds continue to be allocated toward ongoing exploration programs and general working capital requirements.
- (2) This program was completed, and the use of proceeds was largely consistent with management's expectation.
- (3) This drilling program was cancelled following Boliden's termination of the Option Agreement. Boliden retained 100% interest in the Stollberg Property and the Company retained 100% interest in the Tomtebo Property.

Management believes that the Company's cash balances, including existing cash and investment balances, and the expected proceeds from the exercise of stock options, warrants and compensation options are sufficient to complete its planned exploration activities and fund its administrative expenses for the ensuing 12-month period.

Cash flows

Cash used in operating activities for the nine months ended March 31, 2026 was \$1,998,628 compared to \$1,690,963 used in operating activities for the nine months ended March 31, 2025.

During the nine months ended March 31, 2026, the Company invested \$2,204,676 in exploration and evaluation assets and advances and deposits for exploration, compared with \$49,163 during the nine months ended March 31, 2025.

During the nine months ended March 31, 2026, the Company raised \$2,604,999 from financing activities, including the exercise of warrants, stock options and compensation options, net of share issuance costs (March 31, 2025 - raised \$82,242).

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, Officers, and any companies owned or controlled by them. Key management personnel consist of directors and senior management including the Chief Executive Officer and Chief Financial Officer. Key management personnel compensation includes:

	For the Three Months Ended		For the Nine Months Ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Salary	\$ 63,750	\$ 63,750	\$ 318,750	\$ 318,750
Consulting	76,500	60,000	319,500	258,960
Total	\$ 140,250	\$ 123,750	\$ 638,250	\$ 577,710

The Company entered into an executive employment agreement with Garrett Ainsworth on June 1, 2020 (the "**Ainsworth Agreement**"), which was subsequently amended on June 1, 2025 to incorporate certain change of control provisions approved by the Board, as set out below. Under the terms of the Ainsworth Agreement, as amended, Mr. Ainsworth is eligible to receive an annual performance bonus and/or special bonus to be set by the Board. The maximum performance bonus is 50% of Mr. Ainsworth's annual salary and may be adjusted based on Mr. Ainsworth's performance during the year.

The Company entered into a consulting agreement with Marlis Yassin on February 4, 2021 (the "**Yassin Agreement**"), which was subsequently amended on June 1, 2025 to incorporate certain change of control provisions approved by the Board, as set out below. Under the terms of the Yassin Agreement, as amended, Ms. Yassin is eligible to receive performance bonuses based on the satisfaction of performance milestones established by the Board from time-to-time.

In the event of a change of control and the applicable executive is terminated without cause within the 12 months of the change of control, each executive shall be entitled to receive 24 months' salary or fees and bonus, and all incentive securities shall vest immediately.

In the event of termination without cause other than in connection with a change of control, each executive shall be entitled to receive 12 months' salary or fees and bonus, and all incentive securities shall vest immediately.

Pursuant to the Ainsworth Agreement, the Company incurred a total salary and bonus of \$63,750 and \$318,750 to the CEO during the three and nine months ended March 31, 2026 (2025 - \$63,750 and \$318,750). The Company had \$20,628 due to the CEO in relation to reimbursable expenses at March 31, 2026 (June 30, 2025 - \$Nil)

Pursuant to the Yassin Agreement, during the three and nine months ended March 31, 2026, the Company paid consulting fees and bonus of \$30,000 and \$150,000 (2025 - \$22,500 and \$112,500), respectively, for services provided by the CFO. The Company had \$3,187 due to the CFO in relation to reimbursable expenses at March 31, 2026 (June 30, 2025 - \$Nil).

During the three and nine months ended March 31, 2026 and 2025, the Company incurred stock-based compensation expense of \$166,329 and \$506,378 (2025 - \$Nil), respectively, related to RSUs and DSUs granted to officers and directors of the Company.

In each of the three and nine months ended March 31, 2026 and 2025, the Company paid director's fees of \$18,000 and \$72,000 (2025 - \$9,000 and \$63,000), recorded in consulting fees, to directors of the Company.

During the three and nine months ended March 31, 2026 and 2025, the Company paid consulting fees of \$28,500 and \$85,500, (2025 - \$28,500 and \$83,460) respectively, to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. During the three and nine months ended March 31, 2026, the Company also paid consulting fees of \$Nil and \$12,000 (2025 - \$Nil), respectively, for services provided directly to District Metals AB in relation to the Earn-In Agreement with Boliden Mineral AB. These costs were recovered pursuant to the Earn-In Agreement. The Company had \$323 due to the company controlled by a close family member of the CFO in relation to reimbursable expenses at March 31, 2026 (June 30, 2025 - \$78).

PROPOSED TRANSACTIONS

None.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgements and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements for the three and nine months ended March 31, 2026 as follows:

Material accounting judgments

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are as follows:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the respective entity operates; the functional currency of District Metals Corp., District Metals AB and Bergslagen Metals AB is determined to be the Canadian dollar. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Impairment of long-lived assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit ("CGU"), or group of CGUs, level in the year the new information becomes available. If indicators of impairment exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

Key sources of estimation uncertainty

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Valuation of stock-based compensation and compensation options

The Company uses the Black-Scholes option pricing model for the valuation of stock-based compensation and the Geske compound option pricing model for the valuation of compensation options. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, forfeiture rate, risk-free market interest rate, expected volatility in the price of the underlying stock and expected life of the instruments. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS NOT YET EFFECTIVE

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure of Financial Statements, which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three defined categories of operating, investing and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes.

IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and early application is permitted. The Company is currently assessing the effect of this new standard on its financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the nine months ended March 31, 2026.

FINANCIAL INSTRUMENTS AND RELATED RISKS

Classifications

The Company's financial assets and liabilities are classified as follows:

	March 31, 2026	June 30, 2025
Financial assets:		
<i>Amortized cost</i>		
Cash and cash equivalents	\$ 8,141,850	\$ 9,740,155
Receivable from Boliden	17,617	-
<i>Fair value through profit and loss</i>		
Investment	500,000	150,000
Financial liabilities:		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	\$ 304,741	\$ 580,093
Advance from Boliden	-	221,343

Accounts payable and accrued liabilities includes amounts due to related parties. Amounts due to related parties are unsecured, non-interest bearing and have no specified terms of repayment.

Fair value information

The fair values of the Company's cash and cash equivalents, advance from Boliden and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments.

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments are measured at fair value using level 1 inputs. At March 31, 2026 and June 30, 2025, the Company had no financial assets measured and recognized on the statement of financial position at fair value belonging in Level 2 or Level 3 of the fair value hierarchy.

Financial instrument risk exposure

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At March 31, 2026 and June 30, 2025, the Company was exposed to credit risk on its cash and cash equivalents and receivables, primarily comprised of GST and VAT receivables.

The Company's cash and cash equivalents are held with high credit quality financial institutions in Canada and Sweden, and GST and VAT receivable is recoverable from the government of Canada and Sweden, respectively. As at March 31, 2026 and June 30, 2025, management considers its exposure to credit risk to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and cash equivalents and managing its capital and expenditures.

At March 31, 2026, the Company had cash and cash equivalents of \$8,141,850 (June 30, 2025 - \$9,740,155) and accounts payable and accrued liabilities of \$304,741 (June 30, 2025 - \$580,093) with contractual maturities of less than one year. At June 30, 2025, there was \$221,343 of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden

Mineral AB included in cash and cash equivalents that were not available for general use. The Company had sufficient cash to meet its current liabilities as at March 31, 2026. The Company assessed its liquidity risk as low as at March 31, 2026 and June 30, 2025.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at March 31, 2026 and June 30, 2025.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies.

As at March 31, 2026 and June 30, 2025, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in Euros, and Swedish Krona ("SEK").

March 31, 2026				
	Euros	SEK	GBP	AUD
Cash and cash equivalents	2,196	2,481,970	-	-
GST and VAT receivable	-	122,021	-	-
Prepaid expenses	-	194,686	-	-
Accounts payable and accrued liabilities	(18,657)	(982,654)	(3,000)	(6,323)
Advance from Boliden	-	120,088	-	-
Net	(16,461)	1,936,111	(3,000)	(6,323)
Canadian dollar equivalent	\$ (26,457)	\$ 284,027	\$ (5,532)	\$ (6,064)

June 30, 2025		
	Euros	SEK
Cash and cash equivalents	2,156	4,762,073
GST and VAT receivable	-	1,394,737
Prepaid expenses	-	3,901,788
Accounts payable and accrued liabilities	(22,353)	(1,279,231)
Advance payment from Boliden	-	(1,540,315)
Net	(20,197)	7,239,052
Canadian dollar equivalent	\$ (32,375)	\$ 1,040,252

Based on the above net exposures, a 10% change in the Canadian dollar/Euro, Canadian dollar/SEK, Canadian dollar/GBP and Canadian dollar/AUD exchange rate would impact the Company's net loss by approximately \$2,646 (June 30, 2025 - \$3,328), \$28,403 (June 30, 2025 - \$104,025), \$553 (June 30, 2025 - \$Nil) and \$606 (June 30, 2025 - \$Nil), respectively. As at March 31, 2025 and June 30, 2025 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at March 31, 2026 and June 30, 2025.

OUTSTANDING SHARE CAPITAL DATA

At the date of this MD&A, the Company had 190,787,421 common shares issued and outstanding (June 30, 2025 - 166,657,381), 11,262,500 stock options outstanding (June 30, 2025 - 13,365,000), Nil compensation options outstanding (June 30, 2025 - 66,218), 6,045,500 warrants outstanding (June 30, 2025 - 12,652,500), 1,025,000 RSU's outstanding (June 30, 2025 - 925,000), and 675,000 DSU's outstanding (June 30, 2025 - 675,000).

The Company has authorized an unlimited number of common shares without par value.

RISKS AND UNCERTAINTIES

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of our securities, existing business activities, financial condition, results of operations, plans and prospects could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Company. These include general risks associated with any form of business and specific risks

associated with the Company's business and its involvement in the mineral exploration and development industry, including uranium and alum shale mining regulation in Sweden, and media reports thereto, as noted previously in this MD&A. More specifically, there is a risk of further regulation impacting uranium and alum shale exploration and mining in Sweden. The exploration and mining of uranium and alum shale deposits in Sweden is subject to regulation at various levels of government, including but not limited to, both national and municipal governments. The Company continues to monitor recent media reports with respect to the proposed inquiry into mining of alum shale deposits and introduction of a potential new municipal veto for alum shale extraction, with retrospective application. As noted, the impact of these developments on the Company's mineral properties remains uncertain, however, the introduction of new regulations or vetoes impacting uranium and alum shale exploration and mining in Sweden could have a material adverse effect on the business, financial condition and results of operations of the Company.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain statements that may be considered "forward-looking information" with respect to the Company within the meaning of applicable securities laws. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "is positioned", "estimates", "intends", "assumes", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved" and any similar expressions. In addition, any statements that refer to expectations, predictions, indications, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Forward-looking information in this MD&A relating to the Company include, among other things, statements relating to uranium and alum shale mining regulation in Sweden.

These statements and other forward-looking information are based on opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, as of the date of this MD&A, including, without limitation, the reliability of exploration and drill results; reliability of data and the accuracy of publicly reported information regarding current, past and historic mines in the Bergslagen district and in respect of the Swedish properties; uranium and alum shale exploration and mining regulation in Sweden; the Company's ability to raise sufficient capital to fund planned exploration activities, maintain corporate capacity; stability in financial and capital markets; the Company's ability to complete its planned exploration programs; the absence of adverse conditions at mineral properties; no unforeseen operational delays; no material delays in obtaining necessary permits; the price of metals remaining at levels that render mineral properties economic.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by the Company as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks associated with the following: the results of the inquiry into the mining of alum shale in Sweden and the possibility that it will be the subject of a municipal veto; the reliability of historic data on District's properties; the Company's ability to raise sufficient capital to finance planned exploration; the Company's limited operating history; the Company's negative operating cash flow and dependence on third-party financing; the uncertainty of additional funding; the uncertainties associated with early stage exploration activities including general economic, market and business conditions, the regulatory process, failure to obtain necessary permits and approvals, technical issues, potential delays, unexpected events and management's capacity to execute and implement its future plans; the Company's ability to identify Mineral Resources and Mineral Reserves; the substantial expenditures required to establish Mineral Reserves through drilling and the estimation of Mineral Reserves or Mineral Resources; the uncertainty of estimates used to calculate mineralization figures; changes in governmental regulations; compliance with applicable laws and regulations; competition for future resource acquisitions and skilled industry personnel; reliance on key personnel; title matters; conflicts of interest; environmental laws and regulations and associated risks, including climate change legislation; land reclamation requirements; changes in government policies; volatility of the Company's share price; the unlikelihood that shareholders will receive dividends from the Company; potential future acquisitions and joint ventures; infrastructure risks; fluctuations in demand for, and prices of metals; fluctuations in foreign currency exchange rates; legal proceedings and the enforceability of judgments; going concern risk; risks related to the Company's information technology systems and cybersecurity risks; and risk related to the outbreak of epidemics or pandemics or other health crises. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the Company. These factors and assumptions, however, should be considered carefully. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information or information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of such factors are beyond the control of the Company. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information is made as of the date of this MD&A, and the Company assumes no obligation to publicly update or revise such forward-looking information, except as required by applicable securities laws.