DISTRICT METALS CORP.

Consolidated Financial Statements
For the years ended June 30, 2026 and 2025
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
District Metals Corp.

Opinion

We have audited the accompanying consolidated financial statements of District Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2026 and 2025, and the consolidated statements of loss and comprehensive loss, cash flow, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2026 and 2025, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $15,113,413 as of June 30, 2026. As more fully described in Notes 3 and 4 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal consideration for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and share issuances.
- Obtaining, on a test basis through government websites and from legal counsel, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

Davidson & Company LLP

Chartered Professional Accountants

Vancouver, Canada

September 24, 2026

DISTRICT METALS CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	June 30, 2026	June 30, 2025
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	**$ 16,187,420**	$ 9,740,155
Receivables	**93,580**	274,857
Prepaid expenses	**253,990**	103,165
Receivable from Boliden (Note 9)	**7,262**	-
Investment (Note 6)	**437,500**	150,000
	16,979,752	10,268,177
Advances and deposits (Note 7)	**484,894**	553,562
Exploration and evaluation assets (Note 7)	**15,113,413**	8,909,132
TOTAL ASSETS	**$ 32,578,059**	$ 19,730,871
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 8 and 17)	**$ 816,964**	$ 580,093
Advance from Boliden (Note 9)	**-**	221,343
TOTAL LIABILITIES	**816,964**	801,436
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	**99,042,777**	81,907,909
Reserves (Note 11 and 12)	**3,942,208**	4,104,799
Accumulated deficit	**(71,223,890)**	(67,083,273)
TOTAL SHAREHOLDERS' EQUITY	**31,761,095**	18,929,435
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 32,578,059**	$ 19,730,871

Nature of operations and going concern (Note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on September 24, 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 consolidated financial statements.

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

	For the Years Ended	
	June 30, 2026	**June 30, 2025**
EXPENSES		
General and administrative costs	$ 323,856	$ 278,835
Marketing and investor relations	351,566	391,127
Salaries and consulting fees (Note 17)	1,611,539	846,435
Professional fees	206,270	348,114
Property investigation costs	14,223	-
Stock-based compensation (Note 12 and 17)	891,102	1,717,830
Transfer agent, regulatory and listing fees	153,248	187,162
OPERATING EXPENSES	3,551,804	3,769,503
OTHER EXPENSES (INCOME)		
Interest and dividend income (Note 5)	(258,596)	(182,136)
Fair value gain on investment (Note 6)	(32,500)	(5,000)
Other income (Note 7)	(28,109)	(182,002)
Gain on sale of asset (Note 7)	(106,037)	-
Foreign exchange loss	108,456	65,042
Write-down of exploration and evaluation assets (Note 7)	906,185	1,402
LOSS AND COMPREHENSIVE LOSS	$ 4,141,203	$ 3,466,809
Basic and diluted loss per share	$ 0.02	$ 0.03
Weighted average number of common shares outstanding, basic and diluted	172,879,834	133,700,195

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

DISTRICT METALS CORP.
Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

	For the Years Ended	
	June 30, 2026	June 30, 2025
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Loss	**$ (4,141,203)**	$ (3,466,809)
Adjustments for items not affecting cash:		
Stock-based compensation	**891,102**	1,717,830
Gain on sale of asset	**(106,037)**	-
Write-down of exploration and evaluation assets	**906,185**	1,402
Fair value gain on investment	**(32,500)**	(5,000)
	(2,482,453)	(1,752,577)
Net changes in non-cash working capital items:		
GST and VAT receivable	**181,277**	(20,198)
Receivable from Boliden	**(7,262)**	-
Prepaid expenses and deposits	**(150,825)**	(461,326)
Accounts payable and accrued liabilities	**(89,038)**	51,366
Advance from Boliden	**(221,343)**	(635,765)
Net cash flows used in operating activities	**(2,769,644)**	(2,818,500)
INVESTING ACTIVITIES		
Advances and deposits	**(460,876)**	-
Exploration and evaluation assets exploration expenditures	**(2,343,809)**	(996,639)
Net cash flows used in investing activities	**(2,804,685)**	(996,639)
FINANCING ACTIVITIES		
Proceeds from private placement	**10,000,000**	6,000,000
Proceeds from stock options exercised	**917,700**	313,950
Proceeds from compensation options exercised	**9,341**	355,465
Proceeds from warrants exercised	**1,712,850**	1,447,000
Share issuance costs	**(618,297)**	(423,076)
Net cash flows provided from financing activities	**12,021,594**	7,693,339
Net increase in cash and cash equivalents	**6,447,265**	3,878,200
Cash and cash equivalents, beginning of year	**9,740,155**	5,861,955
Cash and cash equivalents, end of year	**$ 16,187,420**	$ 9,740,155

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	406,802	185,726
Fair value reallocation pursuant to stock options expiry	-	30,395
Fair value reallocation pursuant to compensation options expiry	586	-
Transfer of reserves on exercise of compensation options	9,279	331,645
Transfer of reserves on exercise of stock options	831,078	337,792
Transfer of reserves on exercise of restricted stock units	212,750	-
Taxes paid	-	-
Interest paid	-	-

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

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

	Number of shares	Amount	Reserve	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 (Notes 7 and 10)	500,000	197,500	-	-	197,500
Common shares issued in private placement (Note 10)	22,222,221	6,000,000	-	-	6,000,000
Share issuance costs (Note 10)	-	(423,076)	-	-	(423,076)
Shares issued pursuant to stock option exercise (Note 10)	1,651,171	651,742	(337,792)	-	313,950
Shares issued pursuant to compensation option exercise (Note 10)	1,801,364	687,110	(331,645)	-	355,465
Shares issued pursuant to warrant exercise (Note 10)	7,190,000	1,447,000	-	-	1,447,000
Fair value reclassification pursuant to stock option expiry (Note 12)	-	-	(30,395)	30,395	-
Stock-based compensation (Note 12)	-	-	1,717,830	-	1,717,830
Net loss for the year	-	-	-	(3,466,809)	(3,466,809)
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 (Notes 7 and 10)	3,500,000	4,165,000	-	-	4,165,000
Shares issued pursuant to private placement (Note 10)	14,705,882	10,000,000	-	-	10,000,000
Share issuance costs (Note 10)	-	(618,297)	-	-	(618,297)
Share issued pursuant to stock option exercise (Note 10)	2,351,877	1,748,778	(831,078)	-	917,700
Shares issued pursuant to compensation option exercise (Note 10)	62,281	18,620	(9,279)	-	9,341
Shares issued pursuant to settlement of restricted share units (Note 10)	154,167	107,917	(212,750)	-	(104,833)
Shares issued pursuant to warrant exercise (Note 10)	6,507,000	1,712,850	-	-	1,712,850
Fair value reclassification pursuant to compensation option expiry (Note 11)	-	-	(586)	586	-
Stock-based compensation (Note 12)	-	-	891,102	-	891,102
Net loss for the year	-	-	-	(4,141,203)	(4,141,203)
Balance, June 30, 2026	**190,961,588**	**$ 99,042,777**	**$ 3,942,208**	**$ (71,223,890)**	**$ 31,761,095**

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

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 Suite 3100, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8. 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.

The Company currently is not generating any revenues and incurred a loss during the year ended June 30, 2026 of $4,141,203 (2025 - $3,466,809). The Company had cash and cash equivalents at June 30, 2026 of $16,187,420 (June 30, 2025 - $9,740,155) and its current assets exceeded its currently liabilities by $16,162,788 (June 30, 2025 - $9,466,741), and believes that it has adequate resources to fund its planned exploration, evaluation and general corporate expenditures for at least twelve months from the reporting date. Accordingly, these financial statements have been prepared on a going concern basis.

The Company's ability to continue its operations in the longer term 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.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

(b) Basis of presentation

These consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The material accounting policy information, as disclosed, have been applied consistently to all periods presented in these consolidated 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 consolidated financial statements are expressed in Canadian dollars, unless otherwise indicated.

(d) Material accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future and to exercise judgment in applying the Company's accounting policies. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The material accounting judgements and key sources of estimation uncertainty are discussed in Note 4.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these consolidated financial statements are as follows:

(a) Basis of consolidation

The Company's consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, District Metals AB (Sweden) and Bergslagen Metals AB (Sweden). Subsidiaries are entities controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

(b) Foreign currency transactions

Transactions in currencies other than the Canadian dollar ("foreign currencies"), the Company's functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that are denominated in foreign currencies and measured at other than fair value are translated using the rates of exchange at the transaction dates. Foreign exchange gains and losses are included in net loss for the year.

(c) Cash Equivalents

Cash equivalents include short-term liquid investments that are cashable or readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

(d) Financial instruments

i) Classification and measurement

<u>Financial asset</u>

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue, and are subsequently measured at either (i) amortized cost, (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's cash and cash equivalents and receivable from Boliden are classified in this category.

Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. The Company does not have any assets classified and measured at FVTOCI.

Fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. The Company's investment is classified in this category.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and accrued liabilities and advance from Boliden are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

ii) Derecognition of financial assets and financial liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

The Company derecognizes financial liabilities when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss and comprehensive loss.

iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(e) Restoration, rehabilitation, and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other assets. The increase in the restoration provision due to the passage of time is recognized as interest expense.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

(f) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property when collection is reasonably assured. Incidental income is recorded in the consolidated statement of loss and comprehensive loss.

Exploration and evaluation assets are assessed for impairment at each reporting date and if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(g) Share capital

Common shares

Common shares issued are classified as share capital, a component of shareholders' equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital.

Equity units

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated to the common shares up to their fair value, determined by reference to the quoted market price of the common shares on the issuance date, and the remaining balance, if any, to the reserve for warrants.

From time to time in connection with private placements, the Company issues compensatory warrants ("Finders' Warrants") to agents as commission for services. Awards of Finders' Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Finders' Warrants are issued. The fair value of finders' warrants are measured using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the instruments.

(h) Share options and warrants

All share options and warrants are included in reserves, a component of shareholders' equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to share capital. When share options and warrants expire unexercised or are cancelled, other than cancellations resulting from forfeitures when vesting conditions are not satisfied, the amounts recognized in reserves are reclassified to accumulated deficit.

Stock-based compensation to employees and consultants are measured based on services received unless that cannot be readily determined in which case, it is measured at the fair value of the instruments granted. Stock-based compensation is measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes option pricing model. The offset to the recorded expense is to reserves. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors: exercise price, current market price of the underlying shares, expected life of the award, risk-free interest rate, forfeiture rate, and expected volatility.

(i) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the period.

Deferred tax is provided for using the asset and liability method of accounting, whereby deferred tax assets and liabilities are recognized for the future tax effects of differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the tax bases of the assets and liabilities (temporary differences), unused tax losses and other income tax deductions. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss are not provided for. Deferred tax assets and liabilities are measured based on the expected manner of realization or settlement of the carrying amounts of the related assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Loss per share

Loss per share is calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

(k) Impairment of non-financial assets

Impairment tests on non-financial assets, including exploration and evaluation assets, are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(l) New accounting standards and interpretations

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures.

The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system.

It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted. The Company does not expect these amendments to have a material impact on our consolidated financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure of Financial Statements (IFRS 18), 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 consolidated financial statements

4. MATERIAL ACCOUNTING JUDGEMENTS 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 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 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 options and warrants

The Company uses the Black-Scholes option pricing model for the valuation of stock options and warrants. 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' earnings and equity reserves.

(Expressed in Canadian Dollars)

5. CASH AND CASH EQUIVALENTS

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

		June 30, 2026		June 30, 2025
Cash held in bank accounts	$	5,692,180	$	2,290,515
Cash equivalents		10,495,240		7,449,640
Total	**$**	**16,187,420**	**$**	**9,740,155**

Cash equivalents were held in cashable guaranteed investment certificates with interest rates of 3.30% and 2.9% at June 30, 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 and were therefore not available for general use (Note 7).

6. INVESTMENT

The Company holds 2,500,000 common shares of Sherpa II Holdings Corp. ("Sherpa II") (Note 7). These shares are publicly traded on the Exchange and are held at FVTPL.

On November 7, 2025, the Company received 1,500,000 common shares of Sherpa II Holdings Corp. as consideration for the sale of the Bakar Property (Note 7). The Sherpa II shares were valued at the closing price on the date of receipt of $0.17, resulting in a fair value of $255,000. The shares were subject to a contractual transfer restriction that prohibited their sale until March 7, 2026. The restriction expired during the year and, as at June 30, 2026, the shares were freely transferable.

As at June 30, 2026, the fair value of the Sherpa II shares was $437,500 (June 30, 2025 - $150,000). During the year ended June 30, 2026, the Company recorded a fair value gain on investment of $32,500 (2025 – gain of $5,000) determined by reference to closing prices on the Exchange.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Tomtebo Property	Viken Property	Gruvberget Property	Bakar Property	Svärdsjö Property	Alum Shale Properties	Other Properties	Total
Acquisition Costs								
Balance, June 30, 2024	$ 1,721,205	$ 412,375	$ 302,450	$ 32,051	$ -	$ 193,074	$ 40,451	$ 2,701,606
Additions	-	197,500	-	-	-	-	-	197,500
Balance, June 30, 2025	$ 1,721,205	$ 609,875	$ 302,450	$ 32,051	$ -	$ 193,074	$ 40,451	$ 2,899,106
Additions	-	4,256,751	-	-	-	259,639	120,540	4,636,930
Disposals	-	-	-	(32,051)	-	-	-	(32,051)
Impairment	-	-	(302,450)	-	-	-	-	(302,450)
Balance, June 30, 2026	**$ 1,721,205**	**$ 4,866,626**	**$ -**	**$ -**	**$ -**	**$ 452,713**	**$ 160,991**	**$ 7,201,535**
Deferred Exploration Costs								
Balance, June 30, 2024	$ 4,013,594	$ 31,092	$ 603,648	$ 115,337	$ -	$ 50,204	$ 32,536	$ 4,846,411
Consulting	362,160	780,516	87	1,425	1,335	353,992	14,957	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	$ -	$ 410,530	$ 47,493	$ 6,010,026
Consulting	131,991	635,582	-	-	-	845,365	798,676	2,411,614
Geochemistry	32,953	-	-	-	-	-	12,858	45,811
Drilling	29,270	944	-	-	-	160,193	905	191,312
Other costs	121,556	61,468	-	-	-	23,584	12,397	219,005
Assets disposal	-	-	-	(116,912)	-	-	-	(116,912)
Cost recovery	(245,243)	-	-	-	-	-	-	(245,243)
Impairment	-	-	(603,735)	-	-	-	-	(603,735)
Balance, June 30, 2026	**$ 4,084,121**	**$ 1,515,756**	**$ -**	**$ -**	**$ -**	**$ 1,439,672**	**$ 872,329**	**$ 7,911,878**
Balance, June 30, 2025	$ 5,734,799	$ 1,427,637	$ 906,185	$ 148,963	$ -	$ 603,604	$ 87,944	$ 8,909,132
Balance, June 30, 2026	**$ 5,805,326**	**$ 6,382,382**	**$ -**	**$ -**	**$ -**	**$ 1,892,385**	**$ 1,033,320**	**$ 15,113,413**

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 (“Viad”), a wholly owned subsidiary of Elemental Royalty Corp. (formerly EMX Royalty Corp., “Elemental”). The Company completed all requirements to retain the Tomtebo property from Viad in fiscal 2021, except for certain payments due upon a mineral resource estimate and/or preliminary economic assessment. Elemental retains a 2.5% net smelter royalty (“NSR”) on the Tomtebo Property. During the year ended June 30, 2026, District paid Viad an advance royalty of $55,000 pursuant to the purchase agreement (2025 - $45,000, recovered from Boliden).

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.

The Company concluded activities under the Earn-In Agreement with Boliden during the year ended June 30, 2026. A final reconciliation between the Company and Boliden resulted in a final receivable balance of $7,262 as of June 30, 2026.

The Company acted as the operator during the Option stage and as consideration earned a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the year ended June 30, 2026, the Company earned an operator fee of $17,695 (2025 - $181,852).

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.

(Expressed in Canadian Dollars)

During the year ended June 30, 2026, the Company determined that it would not expend any further resources on exploration activities on the Gruvberget Property. Accordingly, the Company recorded an impairment of $906,185.

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 year ended June 30, 2026, the Company recognized a gain on sale of the Bakar Property of $106,037.

e) Alum Shale Properties

The Alum Shale Properties comprise a 100% interest in certain mineral licences for Tåsjö, Malgomaj, Österkälen, Hallviken and Forsåsen located in the Jämtland and Västerbottens Counties, north-central Sweden.

f) Other Properties

Other Properties includes a 100% interest in certain mineral licenses for the following properties:

- Ardnasvarre located in Norrbotten County, northern Sweden;
- Sågtjärn located in the Jämtland and Västernorrland Counties in central Sweden; and
- Nianfors located in the Gävleborg County in central Sweden.

At June 30, 2026, the Company held $24,459 (June 30, 2025 - $23,576) on deposit for reclamation deposits in Sweden for the Tomtebo, Viken and Gruvberget properties. At June 30, 2026, the Company also had $460,435 (June 30, 2025 - $529,986) on deposit with contractors for work not yet completed at June 30, 2026.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		June 30, 2026		June 30, 2025
Trade payables	$	360,444	$	398,809
Accrued liabilities		456,520		181,284
	$	**816,964**	**$**	**580,093**

9. RECEIVABLE FROM BOLIDEN

At June 30, 2026 and June 30, 2025, the Company's (receivable) advance from Boliden is comprised of the following:

		June 30, 2026		June 30, 2025
Advance balance, beginning	$	221,343	$	948,214
Funds received		234,240		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		39,972		112,895
(Receivable) advance balance, ending	**$**	**(7,262)**	**$**	**221,343**

10. SHARE CAPITAL

(a) Authorized share capital

Unlimited number of common shares without par value.

(b) Issued share capital

Year ended June 30, 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 7).

During the year ended June 30, 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 year ended June 30, 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 year ended June 30, 2026, 2,422,500 stock options were exercised for aggregate gross proceeds of $917,700. The Company issued 2,351,877 common shares pursuant to the option exercises and reclassified $831,078 from reserves to share capital.

During the year ended June 30, 2026, 308,333 restricted share units vested. The Company issued 154,167 common shares pursuant to the RSU vesting, with the remainder applied to withholding taxes. Accordingly, the Company reclassified $212,750 from reserves to share capital.

On May 12, 2026, the Company closed a non-brokered private placement financing under the Listed Issuer Financing Exemption, whereby the Company raised $10,000,000 through the sale of 14,705,882 common shares at $0.68 per share (the “May 2026 Financing”). The Company paid a finder’s fee of $491,460 in connection with the financing and incurred other share issuance costs of $85,545 in connection with the May 2026 Financing.

During the year ended June 30, 2026, the Company recorded other share issuance costs of $41,292.

Year ended June 30, 2025

During the year ended June 30, 2025, 1,795,000 options at an exercise price of $0.21 were exercised, of which 300,000 were exercised on a cashless basis, for aggregate gross proceeds of $313,950. The Company issued 1,651,171 shares pursuant to the option exercise and reclassified $337,792 from reserves to share capital.

During year ended June 30, 2025, 7,190,000 share purchase warrants were exercised at exercise prices of $0.20 and $0.30 for gross proceeds of $1,447,000.

During the year ended June 30, 2025, 583,356 compensation options were exercised at an exercise price of $0.15 and 1,218,008 compensation options were exercised at an exercise price of $0.22 for aggregate gross proceeds of $355,465. Accordingly, the Company reclassified $331,645 from reserves to share capital.

On January 31, 2025, the Company closed its acquisition of the 2% NSR Royalty over the remaining four mineral licences covering the Viken deposit (Norra Leden, Norr Viken, Lill Viken and Storviken) 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.

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 “March 2025 Financing”). The Company paid a finder’s fee of $300,000 in connection with the financing and incurred other share issuance costs of $117,145 in connection with the March 2025 Financing.

During the year ended June 30, 2025, the Company recorded other share issuance costs of $5,931.

(Expressed in Canadian Dollars)

11. WARRANTS AND COMPENSATION OPTIONS

(a) Warrants

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

	June 30, 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**
Exercised	(6,507,000)	0.26	(7,190,000)	0.20
Expired	(100,000)	0.20	-	-
Outstanding, end of year	**6,045,500**	**$ 0.30**	**12,652,500**	**$ 0.28**

At June 30, 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	0.59
	6,045,500	**$ 0.30**	**0.59**

(b) Compensation options

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

	June 30, 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**
Exercised	(62,281)	0.15	(1,801,364)	0.20
Expired	(3,937)	0.15	-	-
Outstanding, end of year	**-**	**$ -**	**66,218**	**$ 0.15**

During the year ended June 30, 2026, 3,937 compensation options expired resulting in reversal of reserve to deficit of $586 (2025 - $Nil).

12. 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.

(Expressed in Canadian Dollars)

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

	June 30, 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	3,120,000		0.80	3,300,000		0.69
Exercised	(2,422,500)		0.41	(1,795,000)		0.21
Expired	-		-	(115,000)		0.32
Outstanding and exercisable, end of year	14,062,500	$	0.47	13,365,000	$	0.38

During the year ended June 30, 2026, the Company recognized an expense in respect of stock options of $138,579 in the statement of loss and comprehensive loss (2025 - $1,712,286).

During the year ended June 30, 2025, 115,000 stock options expired resulting in reversal of reserve to deficit of $30,395.

At June 30, 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)
October 7, 2026	1,960,000	$	0.25	0.27
March 6, 2028	2,160,000	$	0.20	1.68
December 5, 2028	250,000	$	0.175	2.44
February 1, 2029	3,042,500	$	0.28	2.59
February 13, 2029	300,000	$	0.30	2.63
May 9, 2029	50,000	$	0.42	2.86
June 27, 2030	3,180,000	$	0.69	3.99
January 19, 2031	300,000	$	1.24	4.56
June 5, 2031	2,820,000	$	0.75	4.93
	14,062,500	**$**	**0.47**	**2.96**

During the year ended June 30, 2026, the Company granted 3,120,000 stock options (2025 – Nil). The fair value of each stock 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:

	Year Ended June 30, 2026
Exercise price	$0.80
Market price	$0.75
Expected life of options (years)	5.0
Expected stock price volatility	104%
Average risk-free interest rate	3.12%
Expected forfeiture rate	-
Expected dividend yield	-
Fair value per option granted	**$0.57**

(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.

(Expressed in Canadian Dollars)

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

	June 30, 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	875,000	0.67	925,000	0.69
Vested	(308,333)	0.69	-	-
Outstanding, end of period	**1,491,667**	**$ 0.31**	**925,000**	**$ 0.69**

During the year ended June 30, 2026, the Company granted 875,000 RSUs, vesting after 12 months.

During the year ended June 30, 2025, the Company granted 925,000 RSUs, vesting in three equal tranches: one-third on June 27, 2026, one-third on June 27, 2027 and the balance on June 27, 2028.

During the year ended June 30, 2026, the Company recognized an expense in respect of RSUs in the statement of loss and comprehensive loss of $440,454 (2025 - $3,205).

(c) Deferred share units

Directors of the Company are eligible for deferred share units ("DSUs) in accordance with the Plan, 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 DSUs is as follows:

	June 30, 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	600,000	0.70	675,000	0.69
Outstanding, end of year	**1,275,000**	**$ 0.69**	**675,000**	**$ 0.69**

During the year ended June 30, 2026, the Company granted 600,000 DSUs, vesting after 12 months.

During the year ended June 30, 2025, the Company granted 675,000 DSUs, vesting in three equal tranches: one-third on June 27, 2026, one-third on June 27, 2027 and the balance on June 27, 2028.

During the year ended June 30, 2026, the Company recognized an expense in respect of DSUs in the statement of loss and comprehensive loss of $312,069 (year ended June 30, 2025 - $2,339).

(Expressed in Canadian Dollars)

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

		June 30, 2026		June 30, 2025
Net loss for the year	$	(4,141,203)	$	(3,466,809)
Canadian federal and provincial statutory income tax rate		27.00%		27.00%
Income tax benefit based on Canadian statutory income tax rates		(1,118,000)		(936,038)
Effects of the following:				
Non-deductible expenditures		284,000		470,893
Change in statutory, foreign tax, foreign exchange rates and and other		54,000		(62,615)
Share issuance costs		(167,000)		(114,000)
Over provided in prior years		(62,000)		10,760
Changes in unrecognized deferred tax assets		1,009,000		631,000
Income tax benefit	$	-	$	-

The tax effected items that give rise to significant portions of recognized deferred income tax assets and deferred income tax liabilities at June 30, 2026 and 2025 are as follows:

		June 30, 2026		June 30, 2025
Deferred income tax assets				
Non-capital losses	$	1,729,000	$	1,305,000
Deferred income tax liabilities				
Exploration and evaluation assets		(1,715,000)		(1,296,000)
Investment		(14,000)		(9,000)
Deferred income tax liabilities, net	$	-	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		June 30, 2026	Expiry Date Range
Exploration and evaluation assets	$	921,000	No expiry date
Share issue cost		1,031,000	2047 to 2050
Capital losses		16,525,000	No expiry date
Non-capital loss carry-forwards		22,992,000	2027 to 2046, no expiry
Canada		*20,466,000*	2027 to 2046, no expiry
Sweden	$	*2,526,000*	No expiry date

		June 30, 2025	Expiry Date Range
Exploration and evaluation assets	$	788,000	No expiry date
Share issue cost		852,000	2046 to 2049
Capital losses		16,525,000	No expiry date
Non-capital loss carry-forwards		19,338,000	2026 to 2045, no expiry
Canada		*17,843,000*	2026 to 2045, no expiry
Sweden	$	*1,495,000*	No expiry date

(Expressed in Canadian Dollars)

14. 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 year ended June 30, 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.

15. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

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

		June 30, 2026		June 30, 2025
Financial assets:				
Amortized cost				
Cash and cash equivalents	$	16,187,420	$	9,740,155
Receivable from Boliden		7,262		-
Fair value through profit and loss				
Investment		437,500		150,000
Financial liabilities:				
Other financial liabilities				
Accounts payable and accrued liabilities	$	816,964	$	580,093
Advance from Boliden		-		221,343

Accounts payable and accrued liabilities as at June 30, 2026 includes amounts due to related parties (Note 17).

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 June 30, 2026 and 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 June 30, 2026 and 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 June 30, 2026 and 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 June 30, 2026, the Company had cash and cash equivalents of $16,187,420 (June 30, 2025 - $9,740,155) and accounts payable and accrued liabilities of $816,964 (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 7). The Company had sufficient cash to meet its current liabilities as at June 30, 2026. The Company assessed its liquidity risk as low as at June 30, 2026 and 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 June 30, 2026 and 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 June 30, 2026 and 2025, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in Euros, Swedish Krona (''SEK'') and Australian dollar (''AUD''):

June 30, 2026

	Euros	**SEK**	**AUD**
Cash and cash equivalents	2,171	17,560,487	-
VAT receivable	-	546,098	-
Prepaid expenses	-	447,118	-
Receivable from Boliden	-	49,601	-
Accounts payable and accrued liabilities	(24,351)	(2,178,420)	(3,684)
Net	(22,180)	16,424,884	(3,684)
Canadian dollar equivalent	$ (35,971)	$ 2,404,603	$ (3,617)

June 30, 2025

	Euros	**SEK**	**AUD**
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	$ -

(Expressed in Canadian Dollars)

Based on the above net exposures, a 10% change in the below-noted currencies would impact the Company's net loss as follows:

	June 30, 2026	June 30, 2025
Canadian dollar/Euro	$ 3,597	$ 3,328
Canadian dollar/SEK	240,406	104,025
Canadian dollar/AUD	362	-

As at June 30, 2026 and 2025 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at June 30, 2026 and 2025.

16. 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 June 30, 2026	Sweden	Canada	Total
Advances and deposits	$ 24,459	$ 460,435	$ 484,894
Exploration and evaluation assets	15,113,413	-	15,113,413
	$ 15,137,872	$ 460,435	$ 15,598,307

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

17. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, directly or indirectly, including all directors of the entity. 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.

(a) Key management compensation for the years ended June 30, 2026 and 2025 were as follows:

	For the years ended	
	June 30, 2026	June 30, 2025
Salary	$ 570,000	$ 382,500
Consulting	367,850	279,520
Director's fees	144,000	72,000
Share-based compensation	768,356	827,442
Total	$ 1,850,206	$ 1,561,462

(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) The Company incurred a total salary and bonus of $570,000 to the CEO during the year ended June 30, 2026 (2025 - $382,500), of which $160,000 relates to a salary shortfall from 2025 and $127,500 relates to a performance bonus approved by the Board (2025 – $127,500). The Company had $2,490 due to the CEO in relation to reimbursable expenses at June 30, 2026 (2025 - $Nil).

(d) During the year ended June 30, 2026, the Company paid consulting fees of $173,750, of which $38,750 relates to a consulting fee shortfall from 2025 (2025 - $137,500) and bonus of $60,000 (2025 - $100,000) for services provided by the CFO. The Company had $1,500 due to the CFO in relation to reimbursable expenses at June 30, 2026 (2025 - $Nil).

(e) During the years ended June 30, 2026 and 2025, the Company incurred stock-based compensation expense of $768,356 and $827,442, respectively, related to stock options, RSUs and DSUs granted to officers and directors of the Company.

(f) During the years ended June 30, 2026 and 2025, the Company paid director's fees of $144,000 to directors of the Company, including a shortfall from 2025 of $12,000 per director (2025 - $72,000), recorded in consulting fees.

(g) During the years ended June 30, 2026 and 2025, the Company paid consulting fees of $122,100 and $115,020, respectively, to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. During the years ended June 30, 2026 and 2025, the Company also paid consulting fees of $12,000 and $27,000, respectively, for services provided directly to District Metals AB, recovered pursuant to the Earn-In Agreement. The Company had $Nil due to the company controlled by a close family member of the CFO in relation to reimbursable expenses at June 30, 2026 (June 30, 2025 - $78).