



Management Discussion and Analysis For the Years Ended June 30, 2022 and 2021

This management's discussion and analysis ("MD&A") is provided to enable the reader to assess material changes in financial condition and results of operations of District Metals Corp. (the "Company" or "District Metals") for the fiscal year ended June 30, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the fiscal years ended June 30, 2022 and 2021, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements but does not form part of the Company's consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 10. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of October 26, 2022.

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" and on the Frankfurt Stock Exchange under the symbol "DFPP".

The Company is a junior mineral exploration stage company in the business of acquiring, exploring, and evaluating natural resource properties, and either developing these properties further or disposing of them when the evaluation is complete. As at the date of this MD&A, the Company holds a 100% interest in the Tomtebo, Svardsjo and Gruvberget properties, located in the Bergslagen Mining District of south-central Sweden, and a 20% interest in the Bakar Property located on North Vancouver Island in British Columbia, Canada.

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. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the acquisition of new projects. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable, or at all.

	Tomtebo Property	Svardsjo Property	Gruvberget Property	Bakar Property	Total
Acquisition Costs					
Balance, June 30, 2020	\$ 1,499,090	\$ -	\$ -	\$ 275,086	\$ 1,774,176
Additions	121,616	-	-	-	121,616
Property interest sale	-	-	-	(130,000)	(130,000)
Balance, June 30, 2021	\$ 1,620,706	\$ -	\$ -	\$ 145,086	\$ 1,765,792
Additions	-	402,500	260,000	-	662,500
Balance, June 30, 2022	\$ 1,620,706	\$ 402,500	\$ 260,000	\$ 145,086	\$ 2,428,292
Deferred Exploration Costs					
Balance, June 30, 2020	\$ -	\$ -	\$ -	\$ 342,253	\$ 342,253
Consulting	496,364	-	-	1,333	497,697
Drilling	1,164,735	-	-	-	1,164,735
Geochemistry	123,579	-	-	-	123,579
Geophysics	41,167	-	-	-	41,167
Other costs (recovery)	131,774	-	-	(58,685)	73,089
Balance, June 30, 2021	\$ 1,957,619	\$ -	\$ -	\$ 284,901	\$ 2,242,520
Consulting	361,097	2,814	62,240	4,326	430,477
Drilling	1,570,478	-	209,748	-	1,780,226
Geochemistry	90,444	687	2,050	-	93,181
Geophysics	-	36,136	155,259	-	191,395
Other costs (recovery)	122,456	394	25,079	-	147,929
Balance, June 30, 2022	\$ 4,102,094	\$ 40,031	\$ 454,376	\$ 289,227	\$ 4,885,728
Write-down of mineral property	\$ -	\$ -	\$ -	\$ (397,936)	\$ (397,936)
Balance, June 30, 2021	\$ 3,578,325	\$ -	\$ -	\$ 32,051	\$ 3,610,376
Balance, June 30, 2022	\$ 5,722,800	\$ 442,531	\$ 714,376	\$ 36,377	\$ 6,916,084

Tomtebo Property, Sweden

On June 30, 2020, the Company completed its acquisition of 100% ownership of the Tomtebo Property ("Tomtebo Property") from Viad Royalties AB, a wholly-owned subsidiary of EMX Royalty Corp. ("EMX"), for \$35,000 cash and the issuance of 5,882,830 common shares of the Company, with a fair value of \$1,353,050 ("Tomtebo Purchase Agreement" or the "Transaction"). EMX retained a 2.5% net smelter royalty ("NSR") on the Tomtebo Property. The Company also entered into a shareholder rights agreement with EMX pursuant to which, among other things, EMX was granted a top-up right (the "Top-Up Right") to maintain its proportionate shareholding in the Company at no additional consideration until the earlier of the five year anniversary of the closing of the Transaction and completion of a financing raising gross proceeds of at least \$600,000, up to a maximum of 3,000,000 common shares in the capital of the Company.

To retain the Tomtebo Property, the Company must:

- i) incur \$1,000,000 of eligible expenditures on the Tomtebo Property within two years of the closing of the Transaction (incurred); and
- ii) complete a minimum of 2,000 m of drilling within three years of completion of the Transaction (completed) and an aggregate of 5,000 m within five years of completion of the Transaction (completed).

As at June 30, 2021, the Company has completed all requirements to retain the Tomtebo Property.

Also in connection with the closing of the Transaction, pursuant to the previously announced services agreement between the Company, Vector Geological Solutions Inc., (the "Consultant") and Daniel MacNeil, as principal of the Consultant, the Company issued 466,390 common shares in the capital of the Company, with a fair value of \$107,270, to the Consultant (the "Finder Shares") and agreed to issue additional common shares to the Consultant if and to the extent any are issued to EMX pursuant to its Top Up Right. The Consultant is at arm's length to the Company.

During the year ended June 30, 2021, the Company issued an additional 33,610 common shares with a fair value of \$16,133, to the Consultant which satisfies all of the Company's obligations to the Consultant associated with the Tomtebo Purchase Agreement.

During the year ended June 30, 2021, the Company issued 219,756 common shares with a fair value \$105,483 to EMX pursuant to the Top-Up Right in the Tomtebo Purchase Agreement, which satisfies all Top-Up Right obligations in the Tomtebo Purchase Agreement.

For further details regarding the terms of the Purchase Agreement, please refer to the Company's news releases of February 20, 2020 and May 8, 2020 and the Purchase Agreement filed on the Company's profile on www.sedar.com.

Svardsjo Property, Sweden

On October 6, 2021, the Company completed the acquisition of the Svardsjo Property located in Sweden from a wholly-owned subsidiary of EMX Royalty Corp. ("EMX") for \$35,000 cash, the issuance of 1,659,084 common shares of the Company with a fair value of \$365,000 and reimbursement of \$2,500 in mineral license fees previously incurred. EMX retained a 2.5% NSR on the Svardsjo Property.

To retain the Svardsjo Property, the Company must:

- i) incur \$1,000,000 of eligible work expenditures on the Svardsjo Property within five years of closing; and
- ii) make certain milestone payments upon a mineral resource estimate and/or preliminary economic assessment.

Gruvberget Property, Sweden

On October 12, 2021, the Company completed the acquisition of the Gruvberget Property located in Sweden from Explora Mineral AB ("Explora") for \$20,000 cash and issuance of 1,000,000 common shares of the Company, with a fair value of \$240,000. Explora retained a 2.5% NSR on the Gruvberget Property, which can be repurchased for \$8,000,000 at any time.

To retain the Gruvberget Property, the Company must incur \$500,000 of eligible work expenditures on the Gruvberget Property within two years of closing.

Bakar Property, British Columbia

During the year ended June 30, 2020, the Company acquired a 100% interest in the Bakar property by paying a cash purchase price of \$50,000 and issuing 1,250,000 common shares with a fair value of \$200,000.

On December 18, 2020, the Company sold an 80% interest in its Bakar Property to Sherpa II Holdings Corp. ("Sherpa II") (the "Bakar Sale Agreement"), an arms-length third party. Pursuant to the Bakar Sale Agreement, Sherpa II acquired an 80% interest in the Bakar Property for the following consideration:

- \$50,000 cash payment (received);
- 1,000,000 common shares of Sherpa II (received; fair value at December 31, 2020 of \$80,000);
- \$200,000 in work expenditures within nine months of closing (completed during the year ended June 30, 2022); and
- Assumption of the 2.0% NSR from the royalty agreement dated July 12, 2019 between the Company and Longford Capital Corp. on one of the eight mineral claims that comprises Bakar, which covers 1,352 hectares (ha) out of the 15,687 ha Property. The 2.0% NSR may be repurchased by Sherpa II entirely for \$6,500,000 cash.

The purchase consideration pursuant to the Bakar Sale Agreement was lower than the Company's carrying value of the Bakar Property, as such, the Company determined that indicators of impairment existed. A test of the recoverable amount of the Bakar Property resulted in an impairment loss of \$397,936 during the year ended June 30, 2021. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the property at this stage of its operations. In estimating the fair value less costs of disposal, management estimated the fair value of the property based on the consideration stated in the Bakar Sale Agreement, level 3 in the fair value hierarchy.

During the year ended June 30, 2021, the Company received a refund of \$58,685 from the Government of Canada related to Mineral Exploration Tax Credit ("METC"), which was recorded as a recovery against other costs on the Bakar Property.

During the year ended June 30, 2022, the Company recorded an unrealized loss of \$5,000 (2021 – unrealized gain of \$45,000) on its investment in Sherpa II.

ANNUAL FINANCIAL INFORMATION

The selected financial information below are derived from the Company's audited consolidated financial statements for the years ended June 30, 2022, 2021 and 2020, prepared in accordance with IFRS.

	Year ended		
	June 30, 2022	June 30, 2021	June 30, 2020
Total revenue	\$ -	\$ -	\$ -
Operating expenses	1,753,624	2,402,704	1,090,560
Other expenses	(27,435)	327,176	-
Net loss	1,726,189	2,729,880	1,090,560
Total comprehensive loss	1,726,189	2,729,880	1,090,560
Basic and diluted loss per common share:	0.02	0.04	0.03

	As at		
	June 30, 2022	June 30, 2021	June 30, 2020
Cash and cash equivalents	\$ 1,508,278	\$ 3,643,704	\$ 2,512,091
Exploration and evaluation assets	6,916,084	3,610,376	2,116,429
Total assets	8,671,995	7,863,950	4,730,846
Current financial liabilities	294,198	592,600	262,747
Shareholders' equity	8,377,797	7,271,350	4,468,099

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

The Company incurred a net loss and total comprehensive loss of \$1,726,189 during the fiscal year ended June 30, 2022, a decrease in loss of \$1,003,691, as compared to the total net loss and comprehensive loss of \$2,729,880 for the year ended June 30, 2021.

The decrease in loss was largely the result of a write-down of the Bakar Property of \$397,936 in the prior year, along with decreases in:

- marketing and investor relations costs of \$277,038, with higher marketing spend in the prior year following the acquisition of Tomtebo;
- stock-based compensation expense of \$255,551 driven primarily by a lower fair value option in the current year compared to prior year; and
- consulting fees of \$168,273, largely due to a performance bonus paid to the Company's CEO in the prior year of \$74,375 and stock option benefit of \$52,500, along with a reduction in consulting fees for corporate administration and accounting support of \$42,500.

These decreases were partially offset by increases in the unrealized loss on the Company's investment in Sherpa II of \$50,000 and professional fees of \$31,758, driven primarily by higher accounting and tax fees from the Company's Swedish subsidiaries.

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 prepared in accordance with IAS 34:

Quarter ended	Revenue	Loss before other income and expenses	Total comprehensive loss	Basic and diluted income (loss) per common share
Q4/22 June 30, 2022	\$ -	\$ (247,490)	\$ (285,244)	\$ (0.00)
Q3/22 March 31, 2022	-	(229,322)	(232,211)	(0.00)
Q2/22 December 31, 2021	-	(944,130)	(878,103)	(0.01)
Q1/22 September 30, 2021	-	(332,682)	(330,631)	(0.00)
Q4/21 June 30, 2021	-	(111,765)	(438,941)	(0.01)
Q3/21 March 31, 2021	-	(290,578)	(290,578)	(0.01)
Q2/21 December 31, 2020	-	(1,356,380)	(1,356,380)	(0.02)
Q1/21 September 30, 2020	-	(190,527)	(633,019)	(0.01)

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

- During the year ending June 30, 2022, the Company's second quarter loss was influenced by stock-based compensation expense of \$539,248. When normalized for this amount, the loss was \$338,885.
- During the year ended June 30, 2021, the Company's second quarter loss was influenced by stock-based compensation expense of \$685,197 and marketing costs of \$324,140. When normalized for these amounts, the loss was \$347,043.
- During the year ended June 30, 2021, the Company's first quarter loss was influenced by a write-down to the Bakar Property of \$442,492. When normalized for this amount, the loss was \$201,489.
- During the year ended June 30, 2020, the Company's first and fourth quarter losses were influenced by stock-based compensation expense of \$205,015 and \$309,644, respectively. When normalized for these amounts, the loss was \$127,157 for Q1 2020 and \$231,546 for Q4 2020.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements for the fiscal year ended June 30, 2022 have been prepared on a going concern basis, which assumes that the Company will continue in operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At June 30, 2022, the Company had cash of \$1,508,278 (2021 - \$3,643,704) and its current assets exceeded its current liabilities by \$1,402,862 (2021 - \$3,433,382). The Company currently does not generate revenue. It has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$60,288,860 as at June 30, 2022 (2021 - \$58,854,192).

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 next twelve months and in the future. These consolidated 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.

Cash flows

Cash used in operating activities for the year ended June 30, 2022, was \$1,098,189 compared to \$1,868,043 for the year ended June 30, 2021. The decrease in spending is primarily the result of a decrease in corporate spending activity, with 2021 being the first full year following the acquisition of the Tomtebo Property.

During 2022 and 2021 the Company invested cash of \$2,619,376 in exploration and evaluation assets, compared to \$1,439,468. The increase in spend is consistent with the acquisition of the Svardsjo and Gruvberget properties during 2022 and exploration activity during the year.

Cash from financing activities for the year ended June 30, 2022 was \$1,688,388 (2021 - \$4,616,716). During the year ended June 30, 2022, the Company completed a brokered private placement of 7,200,000 (2021 - brokered placement of 15,833,333) common shares for gross proceeds of \$1,800,000 (2021 - \$4,750,000) with cash share issuance costs of \$219,912 (2021 - \$482,104), resulting in net proceeds of \$1,389,689 (2021 - \$4,267,896). During the year ended June 30, 2022, the Company received \$108,300 pursuant to stock option exercises (2021 - \$348,820).

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of its key management personnel and close family members of its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of its directors, the Chief Executive Officer and the Chief Financial Officer.

On June 1, 2020, the Company entered into an employment agreement with the Company's Chief Executive Officer ("CEO"), Garrett Ainsworth, effective June 1, 2020, pursuant to which, if the Company experiences a change of control the CEO is entitled to 24 months of salary. During the year ended June 30, 2022, pursuant to the employment agreement, the Company incurred \$255,000 in salary, recorded as consulting fees (2021 - \$378,670). This included a one-time bonus of \$Nil (2021 - \$74,375) and stock option benefit of \$Nil (2021 - \$52,500). As at June 30, 2022, the Company owed Mr. Ainsworth \$13,679 in respect of salary (June 30, 2021 - \$Nil).

During the year ended June 30, 2022, the Company paid \$60,000 for CFO consulting services provided by Marlis Yassin, which were recorded as consulting fees (2021 - \$16,550). Ms. Yassin appointed CFO on February 4, 2021. During the year ended June 30, 2021, the Company paid \$10,000 for CFO consulting services to Gavin Cooper, former CFO.

During the year ended June 30, 2022, the Company paid \$36,000 for director's fees, which were recorded as consulting fees (2021 - \$18,000, as follows.

	Year ended	
	June 30, 2022	June 30, 2021
Doug Ramshaw	\$ 12,000	\$ 8,000
Joanna Cameron	12,000	8,000
Jonathan Challis	12,000	8,000

During the years ended June 30, 2022 and 2021, the Company incurred stock-based compensation expense of \$338,229 and \$566,834, respectively, related to stock options granted to officers and directors of the Company.

At June 30, 2022 and 2021, the Company had \$Nil due from, and \$28,088 due to, related parties, respectively. Amounts are unsecured, non-interest bearing with no set terms of repayment.

The Company does not have offices or direct personnel in British Columbia, but rather is party to an Administration Services Agreement, whereby it has contracted administrative, corporate and financial reporting services with Sentinel Corporate Services Inc. ("Sentinel"), a company controlled by a close family member of the CFO. Sentinel has a continuing service agreement with the Company.

During the year ended June 30, 2022, the Company incurred expenses with Sentinel for administration, corporate and financial reporting services of \$96,000 (2021 - \$58,000). Sentinel was not a related party prior to February 4, 2021.

All transactions are incurred in the normal course of business and are negotiated on terms between the parties which are believed to represent fair market value for all services rendered. Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this MD&A.

FOURTH QUARTER

	June 30, 2022	June 30, 2021	June 30, 2020
EXPENSES			
General and administrative costs	\$ 7,284	\$ 34,321	\$ 6,311
Marketing and investor relations	47,377	67,721	8,050
Consulting fees	120,494	211,533	82,014
Professional fees	64,553	96,300	109,859
Stock-based compensation expense	-	66,777	309,644
Transfer agent, regulatory and listing fees	7,782	1,355	25,312
Foreign exchange gain	(2,246)	(24,066)	-
Unrealized loss (gain) on investments	40,000	(15,000)	-
	\$ 285,244	\$ 438,941	\$ 541,190

The Company incurred a net loss and total comprehensive loss of \$285,244 during the three months ended June 30, 2022 compared \$438,941 for the same period of 2021, an decrease in loss of \$153,697.

The decrease in loss was primarily the result of lower consulting fees of \$91,039, professional fees of \$31,747, general and administrative costs of \$27,037 and marketing and investor relations expense of \$20,344, largely due to greater activity in the prior year consistent with the timing of closing the acquisition of Tomtebo combined with a cost reduction approach toward the end of fiscal 2022. Stock-based compensation expense decreased \$66,777 in the fourth quarter of 2022 compared to 2021, resulting from no stock options grants vesting in the fourth quarter of 2022.

The Company also had a lower foreign exchange gain of \$21,820 in the current quarter compared to the fourth quarter of 2021, along with an unrealized loss on investments compared to a gain in the prior year for a change of \$55,000, both partially offsetting the decreases.

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 audited consolidated financial statements for the year ended June 30, 2022 are consistent with those applied in the preparation of the Company's audited consolidated financial statements for the year ended June 30, 2021 and include the following:

Critical 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 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.

Impairment of long-lived assets

The carrying value and the recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses the potential impairment, which involves assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

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:

Income Taxes

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at June 30, 2022, 2021 and 2020, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

Valuation of stock-based compensation

The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation and the Geske compound option pricing model for valuation of Compensation Options. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. 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

New accounting standards and interpretations

The Company adopted the following new accounting standard and interpretation:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The adoption of these amendments had no impact on the Company's consolidated financial statements on adoption.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the year ended June 30, 2022.

FINANCIAL INSTRUMENTS AND RELATED RISKS

Classifications

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

	June 30, 2022	June 30, 2021
Financial assets:		
<i>Fair value through profit and loss</i>		
Cash and cash equivalents	\$ 1,508,278	\$ 3,643,704
Marketable securities	120,000	125,000
<i>Amortized cost</i>		
Due from related parties	-	28,088
Financial liabilities:		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	\$ 294,198	\$ 592,600

The amount of accounts payable and accrued liabilities includes amounts due to related parties.

Fair value information

The fair values of the Company's cash and cash equivalents, due from related parties 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)

Marketable securities are measured at fair value using level 1 inputs. At June 30, 2022 and 2021, 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 June 30, 2022, the Company was exposed to credit risk on its cash and cash equivalents.

The Company's cash and cash equivalents is held with a high credit quality financial institutions in Canada and Sweden and as at June 30, 2022, 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 managing its capital and expenditures.

At June 30, 2022, the Company had cash and cash equivalents of \$1,508,278 (2021 - \$3,643,704) and accounts payable and accrued liabilities of \$294,198 (2021 - \$592,600) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at June 30, 2022. The Company assessed its liquidity risk as low as at June 30, 2022.

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, 2022.

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, 2022 and 2021, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in US Dollars, Euros, and SEK.

June 30, 2022			
	US Dollars	Euros	SEK
Cash and cash equivalents	-	1,466	2,185,665
Accounts payable and accrued liabilities	-	-	(360,970)
Net	-	1,466	1,824,695
Canadian dollar equivalent	\$ -	\$ 1,970	\$ 229,364

June 30, 2021			
	US Dollars	Euros	SEK
Cash and cash equivalents	25,674	594,579	965,536
Accounts payable and accrued liabilities	-	-	(3,428,353)
Net	25,674	594,579	(2,462,817)
Canadian dollar equivalent	\$ 31,820	\$ 873,972	\$ (357,355)

Based on the above net exposures a 5% change in the Canadian Dollar/US Dollar, Canadian Dollar/Euro and Canadian Dollar/SEK exchange rate would impact the Company's net loss by approximately \$Nil, \$Nil and \$11,000 (2021 - \$2,000, \$44,000 and \$18,000), respectively. As at June 30, 2022 and 2021 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at June 30, 2022 and 2021.

OUTSTANDING SHARE CAPITAL DATA

At the date of this MD&A, the Company had 86,980,707 common shares issued and outstanding (June 30, 2021 – 79,400,707).

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

At the date of this MD&A, the Company has 11,517,866 warrants outstanding and 1,205,920 compensation options exercisable at \$0.30 into one common share and one-half share purchase warrant.

At the date of this MD&A, the Company has the following stock options outstanding:

Number of options	Exercise price	Expiry date	Exercisable
855,000	\$0.20	August 12, 2024	855,000
1,855,000	\$0.21	June 2, 2025	1,855,000
300,000	\$0.33	October 7, 2025	300,000
1,400,000	\$0.46	December 30, 2025	1,400,000
50,000	\$0.45	January 18, 2026	50,000
200,000	\$0.40	April 13, 2026	200,000
2,220,000	\$0.25	October 7, 2026	2,220,000

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 widespread 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. Refer to the Company's Annual Information Form dated July 11, 2022 for a list of risk factors impacting the Company.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible” or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. The forward-looking statements may include statements regarding exploration results and budgets, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. , Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Important factors that could cause actual results to differ materially from the Company’s expectations include uncertainties relating to disputes; fluctuations in commodity prices and foreign currency exchange rates; uncertainties relating to interpretation of drill results and the geology; the need to obtain additional financing to develop properties and uncertainties as to the availability and terms of future financing; uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies and other factors such as those described above and discussed under “Risks and Uncertainties”.

For the reasons set forth above, investors should not place undue reliance on forward-looking statements. It is the Company’s policy that all forward-looking statements are based on the Company’s beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at October 26, 2022 and are subject to change after this date. The Company assumes no obligation and has no policy for updating or revising forward-looking information or statements to reflect new events or circumstances, except as may be required under applicable securities laws.