

DISTRICT METALS CORP.

Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2024 and 2023
(Expressed in Canadian Dollars - Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

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

As at	September 30, 2024	June 30, 2024
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 5,432,421	\$ 5,861,955
GST and VAT receivable	214,357	254,659
Prepaid expenses	132,925	171,998
Investment (Note 4)	50,000	145,000
	5,829,703	6,433,612
Advances and deposits (Note 5)	20,575	23,403
Exploration and evaluation assets (Note 5)	7,553,685	7,548,017
TOTAL ASSETS	\$ 13,403,963	\$ 14,005,032
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 13)	\$ 288,003	\$ 269,243
Advance from Boliden (Note 7)	761,378	948,214
TOTAL LIABILITIES	1,049,381	1,217,457
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	73,375,397	73,347,633
Reserves (Note 9)	3,074,212	3,086,801
Accumulated deficit	(64,095,027)	(63,646,859)
TOTAL SHAREHOLDERS' EQUITY	12,354,582	12,787,575
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 13,403,963	\$ 14,005,032

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 29, 2024. They are signed on behalf of the Board of Directors by:

"Joanna Cameron"
Director

"Garrett Ainsworth"
CEO and Director

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

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

	Three months ended	
	September 30, 2024	September 30, 2023
EXPENSES		
General and administrative costs	\$ 104,682	\$ 17,462
Marketing and investor relations	108,064	18,427
Salaries and consulting fees (Note 13)	145,772	120,589
Professional fees	49,441	20,638
Property investigation costs	-	1,097
Transfer agent, regulatory and listing fees	7,175	13,946
OPERATING EXPENSES	415,134	192,159
OTHER EXPENSES (INCOME)		
Foreign exchange loss (gain)	11,663	(703)
Write-down of exploration and evaluation assets (Note 5)	1,184	-
Fair value loss on investment (Note 4)	95,000	-
Interest and dividend income (Note 3)	(58,956)	(28,722)
Other income (Note 5)	(15,857)	(1,336)
LOSS AND COMPREHENSIVE LOSS	\$ 448,168	\$ 161,398
Basic and diluted loss per share	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding, basic and diluted	130,332,462	106,980,707

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

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

	Three months ended	
	September 30, 2024	September 30, 2023
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Loss	\$ (448,168)	\$ (161,398)
Adjustments for items not affecting cash:		
Fair value loss on investment	95,000	-
	(353,168)	(161,398)
Net changes in non-cash working capital items:		
GST and VAT receivable	40,302	25,587
Prepaid expenses and deposits	39,073	(27,008)
Accounts payable and accrued liabilities	(109)	31,181
Advance from Boliden	(152,540)	-
Net cash flows used in operating activities	(426,442)	(131,638)
INVESTING ACTIVITIES		
Advances and deposits	-	(8,179)
Exploration and evaluation assets exploration expenditures	(18,267)	(73,151)
Net cash flows used in investing activities	(18,267)	(81,330)
FINANCING ACTIVITIES		
Proceeds from compensation options exercised	12,675	-
Proceeds from warrants exercised	2,500	-
Net cash flows provided from financing activities	15,175	-
Net decrease in cash and cash equivalents	(429,534)	(212,968)
Cash and cash equivalents, beginning of year	5,861,955	2,525,835
Cash and cash equivalents, end of period	\$ 5,432,421	\$ 2,312,867
Supplemental cash flow information	\$	\$
Exploration and evaluation assets included in accounts payable and accrued liabilities	4,749	30,073
Transfer of reserves on exercise of compensation options	12,589	-
Taxes paid	-	-
Interest paid	-	-

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

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

	Number of shares	Amount	Reserve	Accumulated deficit	Total
Balance, June 30, 2023	106,980,707	\$ 68,731,423	\$ 2,474,060	\$ (61,203,762)	\$ 10,001,721
Net loss for the period	-	-	-	(161,398)	(161,398)
Balance, September 30, 2023	106,980,707	\$ 68,731,423	\$ 2,474,060	\$ (61,365,160)	\$ 9,840,323
Balance, June 30, 2024	130,315,625	\$ 73,347,633	\$ 3,086,801	\$ (63,646,859)	\$ 12,787,575
Shares issued pursuant to compensation option exercise	84,504	25,264	(12,589)	-	12,675
Shares issued pursuant to warrant exercise	12,500	2,500	-	-	2,500
Net loss for the period	-	-	-	(448,168)	(448,168)
Balance, September 30, 2024	130,412,629	\$ 73,375,397	\$ 3,074,212	\$ (64,095,027)	\$ 12,354,582

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

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

District Metals Corp. (the “Company” or “District Metals”) was incorporated under the provincial laws of the Province of Alberta on July 24, 1989 and continued in the Province of British Columbia on March 31, 2006. The Company's registered office is located at 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8. The Company is listed on the TSX Venture Exchange (the “Exchange”) and trades under the symbol “DMX”, on the Frankfurt Stock Exchange under the symbol “DFPP” and on the United States OTCQB under the symbol “DMXCF”.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. The Company currently is not generating any revenues. It has incurred a loss during the three months ended September 30, 2024 of \$448,168 (2023 - \$161,398) and negative cash flows from operations since inception with an accumulated deficit of \$64,095,027 as at September 30, 2024 (June 30, 2024 - \$63,646,859). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. The Company's ability to raise additional funds is affected by numerous factors outside the Company's control, including in particular, the global economy and the status of the moratorium on uranium mining in Sweden. The global economy is currently characterized by increased volatility arising in part from inflationary pressure and geo-political risk in Europe and the Middle East. These condensed consolidated interim financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended June 30, 2024 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these condensed consolidated interim financial statements should be read in conjunction with the Company's June 30, 2024 audited annual consolidated financial statements and the notes to such financial statements.

(b) Basis of presentation

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

(c) Presentation and functional currency

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

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars - Unaudited)

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

Material accounting judgments

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

Going concern

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

Determination of functional currency

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

Impairment of long-lived assets

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

Key sources of estimation uncertainty

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

Valuation of stock-based compensation

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

3. CASH AND CASH EQUIVALENTS

At September 30, 2024 and June 30, 2024, the Company's cash and cash equivalents are comprised of the following:

	September 30, 2024		June 30, 2024	
Cash held in bank accounts	\$	1,132,322	\$	1,060,754
Cash equivalents		4,300,099		4,801,201
Total	\$	5,432,421	\$	5,861,955

Cash equivalents were held in cashable guaranteed investment certificates with an interest rate of 5.05% and 5.20%.

The cash held in bank accounts disclosed above and in the statement of cash flows include \$761,378 (June 30, 2024 - \$948,214) of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB (Note 5) and are therefore not available for general use.

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars - Unaudited)

4. INVESTMENT

The Company holds 1,000,000 common shares of Sherpa II Holdings Corp. ("Sherpa II") received in connection with the sale of an 80% interest in the Bakar Property by the Company to Sherpa II (Note 5). These shares are publicly traded on the Exchange and are held at FVTPL. As at September 30, 2024, the fair value of the shares was \$50,000 (June 30, 2024 - \$145,000). During the three months ended September 30, 2024, the Company recorded a fair value loss on investment of \$95,000 (2023 – \$Nil) determined by reference to closing prices on the Exchange.

5. EXPLORATION AND EVALUATION ASSETS

	Tomtebo Property	Svärdsjö Property	Gruvberget Property	Bakar Property	Other Properties	Total
Acquisition Costs						
Balance, June 30, 2023	\$1,715,857	\$ 402,500	\$ 260,000	\$ 32,051	\$ -	\$ 2,410,408
Additions	100,499	8,334	42,450	-	550,749	702,032
Cost re-allocation	(95,151)	-	-	-	95,151	-
Impairment	-	(410,834)	-	-	-	(410,834)
Balance, June 30, 2024	\$1,721,205	\$ -	\$ 302,450	\$ 32,051	\$ 645,900	\$ 2,701,606
Additions	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance, September 30, 2024	\$1,721,205	\$ -	\$ 302,450	\$ 32,051	\$ 645,900	\$ 2,701,606
Deferred Exploration Costs						
Balance, June 30, 2023	\$ 4,200,888	\$ 50,844	\$ 597,537	\$ 95,147	\$ 5,593	\$ 4,950,009
Consulting	230,345	2,189	5,131	17,854	87,963	343,482
Geochemistry	5,577	-	-	-	6,363	11,940
Drilling	477,173	-	-	-	-	477,173
Other costs (recovery)	(50,265)	3,664	980	2,336	13,913	(29,372)
Cost recovery	(850,124)	(5,753)	-	-	-	(855,877)
Impairment	-	(50,944)	-	-	-	(50,944)
Balance, June 30, 2024	\$ 4,013,594	\$ -	\$ 603,648	\$ 115,337	\$ 113,832	\$ 4,846,411
Consulting	51,906	1,120	84	-	4,467	57,577
Geochemistry	22,253	-	-	-	395	22,648
Drilling	-	-	-	-	-	-
Other costs	5,081	64	-	-	722	5,867
Cost recovery	(79,240)	-	-	-	-	(79,240)
Impairment	-	(1,184)	-	-	-	(1,184)
Balance, September 30, 2024	\$ 4,013,594	\$ -	\$ 603,732	\$ 115,337	\$ 119,416	\$ 4,852,079
Balance, June 30, 2024	\$ 5,734,799	\$ -	\$ 906,098	\$ 147,388	\$ 759,732	\$ 7,548,017
Balance, September 30, 2024	\$ 5,734,799	\$ -	\$ 906,182	\$ 147,388	\$ 765,316	\$ 7,553,685

As at September 30, 2024, the Company \$20,575 (June 30, 2024 - \$23,403) on deposit for reclamation deposits in Sweden for the Tomtebo, Svärdsjö and Gruvberget properties.

a) Tomtebo Property

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

On June 30, 2020, the Company completed its acquisition of 100% ownership of the Tomtebo (the "Tomtebo Property") from Viad Royalties AB, a wholly owned subsidiary of EMX Royalty Corp. ("EMX"). The consideration included a 2.5% net smelter royalty ("NSR") granted to EMX on the Tomtebo Property.

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

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars - Unaudited)

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

Under the terms of the Earn-In Agreement, Boliden can exercise the Option by incurring an aggregate of \$10 million of qualifying exploration expenditures on the Tomtebo Property and Boliden's Stollberg property, with such expenditures committed and non-refundable under the terms of the Earn-In Agreement, as follows:

- \$2 million between October 27, 2023 and October 31, 2024, allocated equally between the Tomtebo and Stollberg properties; and
- \$8 million during the period between November 1, 2024 and October 27, 2027, not less than \$1 million of which is to be spent on the Tomtebo Property between November 1, 2024 and October 31, 2025, and not less than \$1 million of which is to be spent on the Tomtebo Property between November 1, 2025 and October 31, 2027, with the remaining amount allocated between the Tomtebo and Stollberg properties.

The Company will act as operator during the Option stage and is entitled to a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the three months ended September 30, 2024, the Company earned an operator fee of \$15,857 (2023 - \$Nil).

On exercise of the Option, Boliden will contribute 100% of Stollberg property and the Company will contribute 100% of the Tomtebo Property to a joint venture to be formed between the parties pursuant to which the parties will hold their respective interests (85% Boliden, 15% District Metals) and through which the parties will advance the Tomtebo and Stollberg properties.

Under the terms of the joint venture, should the Company's interest be diluted below 10%, the joint venture will terminate and the Company's interest will be converted to a 1% net smelter returns ("NSR") royalty on the Tomtebo property. Provided the Tomtebo property has not been surrendered in accordance with the terms of the joint venture, upon being diluted below 10%, the Company will also be entitled to a one-time cash payment equal to two times the sum of: (i) all legacy costs associated with the Tomtebo property since June 1, 2020; (ii) the Company's proportionate share of expenditures during the Option stage attributable to the Tomtebo property; and (iii) costs attributable to the Tomtebo property and incurred by the Company during the joint venture stage up until the date of dilution.

Pursuant to the terms of the Earn-In Agreement, the Company received a \$35,000 reimbursement of qualifying exploration expenditures incurred during the negotiation period of the Earn-In Agreement, which was recognized as a recovery of deferred exploration costs during the year ended June 30, 2024.

b) Svärdsjö Property

During the year ended June 30, 2024, the Company determined that it would not continue to conduct any exploration activities on the Svärdsjö Property and would return the property to EMX Royalty Corp. Accordingly, the Company recorded an impairment expense of \$461,778 related to the property.

During the three months ended September 30, 2024 further costs were incurred in relation to the property and accordingly the company recorded an impairment expense of \$1,184 related to the property.

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.

d) Bakar Property

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

Pursuant to the Bakar sale agreement with Sherpa II from December 18, 2020, the 2.0% NSR was carried over from the royalty agreement dated July 12, 2019 between the Company and Longford Capital Corp. on one of the eight mineral claims that comprises the Bakar Property. The 2.0% NSR may be repurchased entirely for \$6,500,000 cash.

DISTRICT METALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars - Unaudited)

On November 10, 2022, the Company ratified an Exploration Management Agreement (the "Agreement") between the Company and Sherpa II effective August 31, 2021, whereby the Company will conduct the exploration at the Bakar Property. Pursuant to the Agreement, District Metals will charge Sherpa II an exploration management fee of 10%, calculated from exploration expenditures incurred at the Bakar Property.

Effective January 1, 2023, the Company amended the joint venture agreement whereby District Metals will fund 100% of the next phase of exploration expenditures to a maximum of \$330,000 and contribute its related 10% exploration management fee of \$33,000 to earn back pro-rata ownership in the property up to 54% (the "Amended Agreement"). From the date of the Amended Agreement, District Metals has funded exploration expenditures of \$25,730 and earned management fee income of \$2,573. During the three months ended September 30, 2024, the Company earned management fee income of \$Nil (2023 - \$2,073).

e) Other Properties

During the year ended June 30, 2023, Bergslagen Metals AB received approval on certain mineral licenses from the Bergsstaten (Mining Inspectorate), including:

- Viken nr 101, 2 and 3, located in Jämtland County, central Sweden;
- Ardnasvarre nr 1 located in Norrbottens County, northern Sweden;
- Sågtjärn nr 101 and 102, in Jämtland and Västernorrland Counties in central Sweden; and
- Alum Shale Properties, including Tåsjö nr 101 to 105, located in the Jämtland and Västerbottens Counties, north-central Sweden.

During the year ended June 30, 2024, Bergslagen Metals AB received approval on certain mineral licenses from the Bergsstaten (Mining Inspectorate), including:

- Nianfors nr 1 and 2 mineral licences located in the Gävleborgs County in central Sweden; and
- Alum Shale Properties, including Tåsjö nr 106 to 108, Malgomaj 1001 to 1003 and Österkälén nr 101, located in the Jämtland and Västerbottens Counties, north-central Sweden.

On January 15, 2024, the Company completed the acquisition of the remaining four mineral licenses covering the Viken deposit located Jämtland County, central Sweden, namely the Norra Leden, Norr Viken, Lill Viken and Storviken mineral licenses, from an arm's length vendor (the "Vendor"). The principal terms of the definitive purchase agreement (the "Purchase 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.
- 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. These District Metals shares will be subject to a voluntary lock-up pursuant to which 500,000 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, 1,000,000 shares will be released 18 months after issuance and 500,000 shares will be released twenty-four months after issuance.

A 2% NSR royalty granted to the Vendor on closing that can be bought back in its entirety at any time for a value of \$8,000,000 where the first 1% NSR royalty may be purchased for \$2,000,000.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2024 and June 30, 2024, the Company's accounts payable and accrued liabilities are comprised of the following:

	September 30, 2024		June 30, 2024	
Trade payables	\$	175,861	\$	199,018
Accrued liabilities		112,142		70,225
	\$	288,003	\$	269,243

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended September 30, 2024 and 2023**

(Expressed in Canadian Dollars - Unaudited)

7. ADVANCE FROM BOLIDEN

At September 30, 2024 and June 30, 2024, the Company's Advance from Boliden is comprised of the following:

	September 30, 2024		June 30, 2024	
Balance, beginning	\$	948,214	\$	-
Funds received		-		1,998,726
Invoices issued to Boliden		(186,836)		(1,050,512)
Balance, ending	\$	761,378	\$	948,214

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

Unlimited number of common shares without par value.

(b) Issued share capitalThree months ended September 30, 2024

During the three months ended September 30, 2024, 12,500 share purchase warrants were exercised at an exercise price of \$0.20 for gross proceeds of \$2,500.

During the three months ended September 30, 2024, 84,504 compensation options were exercised at an exercise price of \$0.15 for aggregate gross proceeds of \$12,676. Accordingly, the Company reclassified \$12,589 from reserves to share capital.

Three months ended September 30, 2023

During the three months ended September 30, 2023, there were no common shares issued.

9. OPTIONS AND WARRANTS**(a) Options**

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the granted options are fixed by the Board of Directors and are not to exceed ten years. The exercise price of options are determined by the Board of Directors and shall not be less than the closing price of the Company's common shares on the day preceding the day on which the options are granted, less any discount permitted by the Exchange. Options granted under the plan may vest immediately on grant, or over a period as determined by the Board of Directors or, in respect of options granted for investor relations services, as prescribed by Exchange policy.

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

	September 30, 2024		June 30, 2024	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	11,975,000	\$ 0.27	9,240,000	\$ 0.26
Granted	-	-	3,850,000	0.27
Exercised	-	-	(865,000)	0.20
Expired	-	-	(250,000)	0.26
Outstanding and exercisable, end of period	11,975,000	\$ 0.27	11,975,000	\$ 0.27

DISTRICT METALS CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended September 30, 2024 and 2023**

(Expressed in Canadian Dollars - Unaudited)

At September 30, 2024, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

Expiry date	Options outstanding and exercisable	Exercise price	Weighted average remaining contractual life (in years)
June 2, 2025	1,795,000	\$ 0.21	0.67
October 7, 2025	300,000	\$ 0.33	1.02
December 30, 2025	1,350,000	\$ 0.46	1.25
January 18, 2026	50,000	\$ 0.45	1.30
April 13, 2026	200,000	\$ 0.40	1.53
October 7, 2026	2,130,000	\$ 0.25	2.02
March 6, 2028	2,300,000	\$ 0.20	3.43
December 5, 2028	250,000	\$ 0.175	4.18
January 5, 2029	150,000	\$ 0.21	4.27
February 1, 2029	3,100,000	\$ 0.28	4.34
February 13, 2029	300,000	\$ 0.30	4.38
May 9, 2029	50,000	\$ 0.42	4.61
	11,975,000	\$ 0.27	2.71

(b) Warrants

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

	September 30, 2024		June 30, 2024	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	19,842,500	\$ 0.25	13,600,000	\$ 0.24
Issued	-	-	10,250,000	0.30
Exercised	(12,500)	0.20	(407,500)	0.20
Expired	-	-	(3,600,000)	0.35
Outstanding, end of year	19,830,000	\$ 0.25	19,842,500	\$ 0.25

At September 30, 2024, the Company had outstanding warrants exercisable to acquire common shares of the Company as follows:

Expiry date	Options outstanding and exercisable	Exercise price	Weighted average remaining contractual life (in years)
March 2, 2026	9,580,000	\$ 0.20	1.42
February 1, 2027	10,250,000	\$ 0.30	2.34
	19,830,000	\$ 0.25	1.90

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(c) Compensation options

A continuity schedule of the Company's outstanding compensation options as at September 30, 2024 and June 30, 2024 is as follows:

	September 30, 2024		June 30, 2024	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	1,867,582	\$ 0.20	1,558,320	\$ 0.25⁽²⁾/0.15⁽¹⁾
Granted	-	-	1,230,000	0.22 ⁽³⁾
Exercised	(84,504)	0.15	(562,418)	0.15
Expired	-	-	(358,320)	0.25
Outstanding, end of year	1,783,078	\$ 0.20	1,867,582	\$ 0.20

⁽¹⁾ The holder of each compensation option is entitled to purchase one Unit (comprising one common share and one-half common share purchase warrant) at an exercise price of \$0.15.

⁽²⁾ The holder of each compensation option is entitled to purchase one Unit (comprising one common share and one-half common share purchase warrant) at an exercise price of \$0.25.

⁽³⁾ The holder of each compensation option is entitled to purchase one Unit (comprising one common share and one-half common share purchase warrant) at an exercise price of \$0.22.

At September 30, 2024, the Company had outstanding compensation options exercisable to acquire common shares of the Company as follows:

Expiry date	Compensation options outstanding and exercisable	Exercise price	Weighted average remaining contractual life (in years)
March 2, 2026	565,070	\$ 0.15	1.42
February 1, 2027	1,218,008	\$ 0.22	2.34
	1,783,078	\$ 0.20	2.05

During the year ended June 30, 2024, 358,320 compensation options expired, accordingly \$47,322 was transferred to deficit.

10. 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, apart from those pursuant to the Eam-In Agreement (Note 5). The Company did not change its capital management approach during the three months ended September 30, 2024.

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.

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11. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

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

	September 30, 2024	June 30, 2024
Financial assets:		
<i>Amortized cost</i>		
Cash and cash equivalents	\$ 5,432,421	\$ 5,861,955
<i>Fair value through profit and loss</i>		
Investment	50,000	145,000
Financial liabilities:		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	\$ 288,003	\$ 269,243
Advance from Boliden	761,378	948,214

Accounts payable and accrued liabilities as at September 30, 2024 includes amounts due to related parties (Note 13).

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 September 30, 2024 and June 30, 2024, 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 September 30, 2024 and June 30, 2024, the Company was exposed to credit risk on its cash and cash equivalents and GST and VAT receivable.

The Company's cash and cash equivalents is 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 September 30, 2024 and June 30, 2024, 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.

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At September 30, 2024, the Company had cash and cash equivalents of \$5,432,421 (June 30, 2024 - \$5,861,955), of which \$761,378 (June 30, 2024 - \$948,214) were advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB (Note 5) and are therefore not available for general use, and accounts payable and accrued liabilities of \$288,003 (June 30, 2024 - \$269,243) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at September 30, 2024. The Company assessed its liquidity risk as low as at September 30, 2024 and June 30, 2024.

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 September 30, 2024 and June 30, 2024.

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 September 30, 2024 and June 30, 2024, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in Euros and SEK:

September 30, 2024		
	Euros	SEK
Cash and cash equivalents	2,135	7,459,483
GST and VAT receivable	-	571,137
Prepaid expenses	-	153,776
Accounts payable and accrued liabilities	(1,949)	(1,189,315)
Advance from Boliden	-	(5,690,422)
Net	186	1,304,659
Canadian dollar equivalent	\$ 280	\$ 174,563

June 30, 2024		
	Euros	SEK
Cash and cash equivalents	2,119	6,688,329
VAT receivable	-	1,850,640
Prepaid expenses	-	189,276
Accounts payable and accrued liabilities	(10,199)	(177,311)
Advance from Boliden	-	(7,440,034)
Net	(8,080)	1,110,900
Canadian dollar equivalent	\$ (11,844)	\$ 143,417

Based on the above net exposures, a 10% change in the Canadian dollar/Euro and Canadian dollar/SEK exchange rate would impact the Company's net loss by approximately \$28 and \$17,456 (June 30, 2024 - \$1,184 and \$14,342), respectively. As at September 30, 2024 and June 30, 2024 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at September 30, 2024 and June 30, 2024.

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Notes to the Condensed Consolidated Interim Financial Statements

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12. 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 total assets are segmented geographically as follows:

As at September 30, 2024	Sweden	Canada	Total
Advances and deposits	20,575	-	20,575
Exploration and evaluation assets	7,406,297	147,388	7,553,685
	\$ 7,426,872	\$ 147,388	\$ 7,574,260

As at June 30, 2024	Sweden	Canada	Total
Advances and deposits	23,403	-	23,403
Exploration and evaluation assets	7,400,629	147,388	7,548,017
	\$ 7,424,032	\$ 147,388	\$ 7,571,420

13. RELATED PARTY TRANSACTIONS

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

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

(a) Key management compensation for the three months ended September 30, 2024 and 2023 were as follows:

	For the three months ended	
	September 30, 2024	September 30, 2023
Salary	\$ 63,750	\$ 63,750
Consulting	\$ 57,960	\$ 49,200

(b) On June 1, 2020, the Company entered into an employment agreement with the Company's Chief Executive Officer ("CEO") effective June 1, 2020, pursuant to which, if the Company experiences a change of control the CEO is entitled to 24 months of salary. Pursuant to the employment agreement, the Company incurred a total salary of \$63,750 to the CEO during the three months ended September 30, 2024 (2023 – 63,750). The Company had \$8,152 due to the CEO in relation to reimbursable expenses at September 30, 2024 (June 30, 2024 - \$12,533).

(c) During the three months ended September 30, 2024 and 2023, the Company paid consulting fees of \$22,500 and \$15,000, respectively, for services provided by the CFO. The Company had \$4,556 due to the CFO in relation to reimbursable expenses at September 30, 2024 (June 30, 2024 - \$Nil).

(d) During the three months ended September 30, 2024 and 2023, the Company did not incur stock-based compensation expense related to stock options granted to the officers and directors of the company.

(e) During the three months ended September 30, 2024 and 2023, the Company paid director's fees of \$9,000 and \$9,000, respectively, recorded in consulting fees, to directors of the Company.

(f) During the three months ended September 30, 2024 and 2023, the Company paid consulting fees of \$26,460 and \$25,200, respectively, to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. The Company had \$11 due to the company controlled by a close family member of the CFO in relation to reimbursable expenses at September 30, 2024 (June 30, 2024 - \$Nil).

14. SUBSEQUENT EVENTS

Subsequent to September 30, 2024, the Company issued 12,500 common shares pursuant to the exercise of warrants for aggregate gross proceeds of \$2,500.

Subsequent to September 30, 2024, the Company issued 140,748 common shares pursuant to the exercise of compensation options for aggregate gross proceeds of \$21,952.