



## **Management Discussion and Analysis For the Years Ended June 30, 2025 and 2024**

This management's discussion and analysis ("MD&A") is provided to enable the reader to assess financial condition and results of operations of District Metals Corp. (the "Company" or "District Metals") for the year ended June 30, 2025. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended June 30, 2025 and 2024, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. This MD&A complements and supplements but does not form part of the Company's consolidated financial statements.

This MD&A contains forward-looking information. In particular, statements regarding the adequacy of cash resources to carry out the Company's exploration programs, plans for additional exploration and the possibility that the moratorium on uranium mining in Sweden may be rescinded are forward-looking information. All forward-looking information, including those not specifically identified herein, are made subject to cautionary language on page 11. Readers are advised to refer to the cautionary language when reading any forward-looking information.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of September 24, 2025.

### **BUSINESS OVERVIEW**

The Company was incorporated under the *Business Corporations Act* (Alberta) on July 24, 1989, and continued into the Province of British Columbia on March 31, 2006. On July 17, 2019, the Company changed its name to District Metals Corp. The Company is listed on the TSX Venture Exchange (the "Exchange") under the trading symbol "DMX", on the Frankfurt Stock Exchange under the symbol "DFPP" and on the United States OTCQB 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". The Company has two wholly-owned subsidiaries incorporated under the laws of Sweden, District Metals AB and Bergslagen Metals AB.

The Company is a polymetallic exploration stage company in the business of acquiring, exploring, and evaluating prospective mineral 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's primary properties are the Viken and Tomtebo properties, located in Sweden.

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 international trade disputes, including tariffs, GDP growth and geopolitical risk in Europe and the Middle East.

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

A summary of the expenditures incurred on the Company's properties during the years ended June 30, 2025 and 2024 are as follows:

	Tomtebo Property	Viken Property	Gruvberget Property	Bakar Property	Svärdsjö Property	Other Properties	Total
<b>Acquisition Costs</b>							
Balance, June 30, 2023	\$ 1,715,857	\$ -	\$ 260,000	\$ 32,051	\$ 402,500	\$ -	\$ 2,410,408
Additions	100,499	412,375	42,450	-	8,334	138,374	702,032
Cost re-allocation	(95,151)	-	-	-	-	95,151	-
Impairment	-	-	-	-	(410,834)	-	(410,834)
Balance, June 30, 2024	\$ 1,721,205	\$ 412,375	\$ 302,450	\$ 32,051	\$ -	\$ 233,525	\$ 2,701,606
Additions	-	197,500	-	-	-	-	197,500
<b>Balance, June 30, 2025</b>	<b>\$ 1,721,205</b>	<b>\$ 609,875</b>	<b>\$ 302,450</b>	<b>\$ 32,051</b>	<b>\$ -</b>	<b>\$ 233,525</b>	<b>\$ 2,899,106</b>
<b>Deferred Exploration Costs</b>							
Balance, June 30, 2023	\$ 4,200,888	\$ 2,089	\$ 597,537	\$ 95,147	\$ 50,844	\$ 3,504	\$ 4,950,009
Consulting	230,345	22,592	5,131	17,854	2,189	65,371	343,482
Geochemistry	5,577	1,019	-	-	-	5,344	11,940
Drilling	477,173	-	-	-	-	-	477,173
Other costs (recovery)	(50,265)	5,392	980	2,336	3,664	8,521	(29,372)
Cost recovery	(850,124)	-	-	-	(5,753)	-	(855,877)
Impairment	-	-	-	-	(50,944)	-	(50,944)
Balance, June 30, 2024	\$ 4,013,594	\$ 31,092	\$ 603,648	\$ 115,337	\$ -	\$ 82,740	\$ 4,846,411
Consulting	362,160	780,516	87	1,425	1,335	368,949	1,514,472
Geochemistry	27,217	407	-	-	-	-	27,624
Drilling	646,190	-	-	-	-	-	646,190
Other costs	121,453	5,747	-	150	67	6,334	133,751
Cost recovery	(1,157,020)	-	-	-	-	-	(1,157,020)
Impairment	-	-	-	-	(1,402)	-	(1,402)
<b>Balance, June 30, 2025</b>	<b>\$ 4,013,594</b>	<b>\$ 817,762</b>	<b>\$ 603,735</b>	<b>\$ 116,912</b>	<b>\$ -</b>	<b>\$ 458,023</b>	<b>\$ 6,010,026</b>
Balance, June 30, 2024	\$ 5,734,799	\$ 443,467	\$ 906,098	\$ 147,388	\$ -	\$ 316,265	\$ 7,548,017
<b>Balance, June 30, 2025</b>	<b>\$ 5,734,799</b>	<b>\$ 1,427,637</b>	<b>\$ 906,185</b>	<b>\$ 148,963</b>	<b>\$ -</b>	<b>\$ 691,548</b>	<b>\$ 8,909,132</b>

## **Tomtebo Property, Sweden**

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

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

Pursuant to the Earn-In Agreement the Company was appointed as operator during the Option stage and as consideration is entitled to a 7.5% fee on qualifying expenditures (as defined in the Earn-In Agreement). During the year ended June 30, 2025, the Company earned an operator fee of \$181,852 (2024 - \$73,034).

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

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

## **Viken Property, Sweden**

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

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

- \$50,000 cash paid to the vendor on closing (paid).
- \$50,000 cash payable to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted.
- 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 repurchased by the Company (i) in its entirety at any time for a value of \$8,000,000 or (ii) in respect of the first 1% for \$2,000,000 (the "Viken NSR").

On January 31, 2025, the Company acquired the Viken NSR for a purchase price consisting of 500,000 common shares of the Company (the "Viken NSR Consideration Shares") to the vendor. As a result, the Viken Property is free of any NSR Royalty. The hold period on the Viken NSR Consideration Shares expired on June 1, 2025.

On April 29, 2025, District Metals announced a mineral resource estimate and issued a technical report thereon pursuant to National Instrument 43-101 ("NI 43-101") (the "Viken MRE"), including an inferred mineral resource estimate of 4.3 billion tonnes at a grade of 161 ppm of uranium containing 1.5 billion pounds uranium. The Company included additional important and critical raw materials in the current Viken MRE; however, the historical drill hole geochemical results did not include analysis on the full suite of Rare Earth Elements, which may have potential to create additional value for future economic studies.

Subsequent to June 30, 2025, the Company conducted a helicopter-borne Mobile MagnetoTellurics System ("MobileMT") survey in two phases. Phase 1 captured the conductive signature of the mineralized Alum Shale host rock that makes up the Viken Energy Metals Deposit and phase 2 was flown over the remainder of the Viken Property, with the objective of identifying additional conductive signatures of interest for follow up drilling. There is currently a moratorium on uranium mining and exploration in Sweden that was imposed in 2018, which is being revisited by the Swedish authorities. Accordingly, apart from the MobileMT survey, the Company is planning limited activity on the Viken Property, including commencement of a Preliminary Economic Assessment, pending developments with respect to the moratorium.

### **Gruvberget Property, Sweden**

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

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

### **Bakar Property, British Columbia**

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

On June 3, 2025, the Company entered into a definitive agreement to sell its remaining 24.48% interest in the Bakar Property to Sherpa II Holdings Corp. (“Sherpa II”) for 1,500,000 common shares of Sherpa II. Closing of the transaction remains subject to closing conditions, including approval by the Exchange.

### **Svärdsjö Property, Sweden**

The Svärdsjö property is located approximately 200km northwest of Stockholm in Sweden and 25km north of the Tomtebo property. It comprises 1,037 ha.

During the year ended June 30, 2024, the Company determined that it would not continue any exploration activities on the Svärdsjö Property and would return the property to EMX Royalty Corp. Accordingly, during the years ended June 30, 2025 and 2024, the Company recorded an impairment expense of \$1,402 and \$461,778, respectively.

### **Other Properties**

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

- Ardnasvarre nr 1 over a 9,708 ha area located in Norrbotten County, northern Sweden;
- Sågtjärn nr 101 and 102, covering 4,068 ha in Jämtland and Västernorrland Counties in central Sweden;
- Nianfors nr 1 and 2 mineral licenses, covering 2,603 ha located in the Gävleborg County in central Sweden; and
- Alum Shale Properties, including Tåsjö nr 101 to 108, Malgomaj 1001 to 1003 and Österkålen nr 101, located in the Jämtland and Västerbotten Counties, north-central Sweden, covering an area of 79,251 ha.

Subsequent to June 30, 2025, the Company completed Unmanned Aerial Vehicle (“UAV”) radiometric and magnetic surveys at the Sågtjärn and Nianfors Properties, the result of which lead to the Company applying for the following mineral licenses from the Bergsstaten (Mining Inspectorate):

- Sågtjärn nr 103, in Jämtland and Västernorrland Counties in central Sweden; and
- Nianfors nr 103, in the Gävleborg County in central Sweden.

The Company has not yet completed the UAV survey at Ardnasvarre.

The Company believes that all of the Other Properties are prospective for uranium. There is, however, currently a moratorium on uranium mining and exploration in Sweden that was imposed in 2018, which is being revisited by the Swedish authorities. Accordingly, apart from the UAV surveys, the Company has largely deferred activities on the Other Properties pending developments in Sweden with respect to the moratorium.

### **ANNUAL FINANCIAL INFORMATION**

The selected financial information below are derived from the Company’s audited consolidated financial statements, prepared in accordance with IFRS.

	Year ended		
	June 30, 2025	June 30, 2024	June 30, 2023
Total revenue	\$ -	\$ -	\$ -
Operating expenses	3,769,503	2,382,280	1,300,696
Other expenses (income)	(302,694)	307,474	16,094
Net loss	3,466,809	2,689,754	1,316,790
Total comprehensive loss	3,466,809	2,689,754	1,316,790
Basic and diluted loss per common share	0.03	0.02	0.02

	As at		
	June 30, 2025	June 30, 2024	June 30, 2023
Cash and cash equivalents	\$ 9,740,155	\$ 5,861,955	\$ 2,525,835
Exploration and evaluation assets	8,909,132	7,548,017	7,360,417
Total assets	19,730,871	14,005,032	10,120,963
Current financial liabilities	801,436	1,217,457	119,242
Shareholders' equity	18,929,435	12,787,575	10,001,721

## 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 loss and comprehensive loss of \$3,466,809 during the year ended June 30, 2025, an increase in loss of \$777,055, as compared to the loss and comprehensive loss of \$2,689,754 for the year ended June 30, 2024. The increase in loss and comprehensive loss was primarily driven by:

- Increase in stock-based compensation expense of \$1,717,830 in the current year compared to \$858,577 in the comparative year, resulting from an increase in fair value of the stock options granted;
- Decrease in unrealized gain on investment, related to the fair value of the common shares the Company holds in Sherpa II; and
- Increases in marketing and investor relations, transfer agent, regulatory and listing fees, professional fees and general and administrative expenses, largely related to the Company's listing on the Nasdaq First North Growth Market in January 2025.

And, partially offset by:

- An increase in management fee income of \$106,395 earned pursuant to the Earn-In Agreement and interest income of \$19,732;
- Decreases in the write-down of exploration and evaluation assets resulting from the abandonment of Svärdsjö in 2024 and a decrease in foreign exchange loss, consistent with a greater amount of cash held in investments in the current year.

### Summary of quarterly results

The following table provides a summary of financial data for the Company's most recent eight quarters:

Quarter ended	Revenue	Loss before other income and expenses	Loss and comprehensive loss	Basic and diluted income (loss) per common share
Q4/25 June 30, 2025	\$ -	\$ (2,097,713)	\$ (1,988,916)	\$ (0.03)
Q3/25 March 31, 2025	\$ -	\$ (447,705)	\$ (322,673)	\$ (0.00)
Q2/25 December 31, 2024	\$ -	\$ (808,951)	\$ (707,052)	\$ (0.01)
Q1/25 September 30, 2024	\$ -	\$ (415,134)	\$ (448,168)	\$ (0.00)
Q4/24 June 30, 2024	\$ -	\$ (464,051)	\$ (1,056,211)	\$ (0.01)
Q3/24 March 31, 2024	\$ -	\$ (1,195,995)	\$ (1,159,361)	\$ (0.01)
Q2/24 December 31, 2023	\$ -	\$ (530,075)	\$ (312,784)	\$ (0.00)
Q1/24 September 30, 2023	\$ -	\$ (191,456)	\$ (161,398)	\$ (0.00)

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

- The Company's Q4 2025 loss was influenced by stock-based compensation expense of \$1,717,830. When normalized for this amount, the net loss was \$271,086.
- The Company's Q3 2025 loss was influenced by increased transfer agent, regulatory, and listing fees as well as professional fees in relation to the Company's listing on the Nasdaq First North Growth Market stock exchange in Sweden during that quarter.
- The Company's Q2 2025 loss was influenced by annual incentive payments of \$208,500 recognized during the quarter. When normalized for this amount, the loss was \$498,552.
- An unrealized loss on investment in marketable securities of \$95,000 contributed to the loss in Q1 2025.
- The Company's Q4 2024 loss was influenced by a write-down of exploration and evaluation assets related to the Company's Svärdsjö property. After normalizing for the write-down, loss was \$594,433.
- The Company's Q3 2024 loss was influenced by stock-based compensation expense of \$807,028. When normalized for this amount, loss was \$352,333.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements for the year ended June 30, 2025 have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

At June 30, 2025, the Company had cash and cash equivalents of \$9,740,155 (June 30, 2024 - \$5,861,955) and its current assets exceeded its current liabilities by \$9,466,741 (June 30, 2024 - \$5,216,155). The Company currently does not generate revenue from operations. It has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$67,083,273 as at June 30, 2025 (June 30, 2024 - \$63,646,859). Pursuant to the Earn-In Agreement, the Company earns a 7.5% operator fee on qualifying expenditures.

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.

On February 1, 2024, the Company issued 20,500,000 common shares for gross proceeds of \$4,510,000 pursuant to a bought deal private placement of units at a price of \$0.22 per unit (the "February 2024 Financing"). Each unit is comprised of one common share in the capital of the Company and one half of one transferable common share purchase warrant (each whole such common share purchase warrant, a "2024 Warrant"). Each whole 2024 Warrant entitles the holder thereof to acquire one additional common share at a price of \$0.30 for a period of 36 months. In connection with this financing, the Company incurred cash share issuance costs of \$479,371 and issued an aggregate of 1,230,000 non-transferable compensation options (the "2024 Compensation Options"). Each 2024 Compensation Option shall entitle the holder thereof to acquire one additional common share at a price of \$0.22 for a period of 36 months.

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, 7,190,000 share purchase warrants were exercised at exercise prices of \$0.20 and \$0.30 for gross proceeds of \$1,447,000, and 1,801,364 compensation options were exercised for aggregate gross proceeds of \$355,465.

Subsequent to June 30, 2025, the following options, warrants and compensation options were exercised:

- 150,000 options were exercised for gross proceeds of \$31,500;
- 2,815,000 warrants were exercised for gross proceeds of \$844,500; and
- 12,000 compensation options were exercised for gross proceeds of \$1,800.

The Company is conserving cash pending visibility on the status of lifting the uranium mining and exploration moratorium in Sweden and, accordingly, management believes that the Company's cash balances, including the net proceeds from the March 2025 Financing and the February 2024 Financing, its earnings under the Earn-In Agreement, and proceeds from the exercise of stock options, share purchase warrants and compensation options are sufficient to complete its planned exploration activities and fund its administrative expenses for the ensuing 12-month period.

### Cash flows

Cash used in operating activities for the year ended June 30, 2025, was \$2,818,500 compared to \$698,048 cash used in operating activities for the year ended June 30, 2024.

During the year ended June 30, 2025, the Company's invested \$996,639 in exploration and evaluation assets compared with \$332,863 during the year ended June 30, 2024.

During the year ended June 30, 2025, the Company raised \$7,693,339 from financing activities, including the issuance of shares, exercise of warrants, compensation options and stock options, net of share issuance costs (2024 - \$4,367,031).

## TRANSACTIONS WITH RELATED PARTIES

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

	For the Years Ended	
	June 30, 2025	June 30, 2024
Salary	\$ 382,500	\$ 382,500
Consulting	\$ 351,520	\$ 299,120

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 \$382,500 to the CEO during the year ended June 30, 2025 (2024 - \$382,500). The Company had \$Nil due to the CEO in relation to reimbursable expenses at June 30, 2025 (June 30, 2024 - \$12,533).

During the year ended June 30, 2025, the Company paid consulting fees of \$137,500 (2024 - \$100,000), respectively, for services provided by the CFO.

Effective June 27, 2025, the Company approved certain amendments to change of control or termination benefits within the CEO's executive employment agreement and the CFO's executive consulting agreement (each, the "Executive Agreement"). Pursuant to the amendments, if there is a change of control of the Company and the Executive Agreement is terminated by the Company within 12 months of the change of control, the Company will pay the executive two times annual compensation plus two times the average annual bonus paid, if any, during the last two full years of employment immediately upon such termination, and all incentive securities granted to the executive shall immediately vest and be exercisable in accordance with the Company's Omnibus Incentive Plan (the "Plan"). If the executive is otherwise terminated without cause, the Company will pay the executive one times annual compensation plus one times the average annual bonus paid, if any, during the last full year of employment immediately upon such termination, and all incentive securities granted to the executive shall immediately vest and be exercisable in accordance with the Plan.

During the years ended June 30, 2025 and 2024, the Company incurred stock-based compensation expense of \$827,442 and \$505,802, respectively, related to stock options, restricted share units ("RSUs") and deferred share units ("DSUs") granted to officers and directors of the Company.

During the year ended June 30, 2025, the Company paid director's fees of \$72,000 (2024 - \$72,000), to directors of the Company, recorded in consulting fees.

During the year ended June 30, 2025, the Company paid consulting fees of \$142,020 (2024 - \$107,320) to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. The Company had \$78 due to the company controlled by a close family member of the CFO in relation to reimbursable expenses at June 30, 2025 (June 30, 2024 - \$Nil).

## FOURTH QUARTER

	June 30, 2025	June 30, 2024	June 30, 2023
<b>EXPENSES</b>			
General and administrative costs	\$ 43,708	\$ 71,701	\$ 15,582
Marketing and investor relations	86,864	146,752	22,675
Consulting fees	150,171	132,234	129,191
Professional fees	73,670	87,481	45,269
Property investigation costs	-	878	29,417
Stock-based compensation expense	1,717,830	16,968	-
Transfer agent, regulatory and listing fees	25,470	8,037	8,368
Foreign exchange loss	76,153	269,136	14,643
Unrealized (gain) loss on investments	(120,000)	(50,000)	10,000
Write-down of exploration and evaluation assets	45	461,778	-
Interest and dividend income	(37,256)	(61,780)	(28,745)
Other income	(27,739)	(26,974)	(46,564)
Loss and comprehensive loss	\$ 1,988,916	\$ 1,056,211	\$ 199,836

The Company incurred a loss and total comprehensive loss of \$1,988,916 during the three months ended June 30, 2025 compared to \$1,056,211 for the same period of 2024, an increase in loss of \$932,705.

The increase in loss was primarily the result of an increase in stock-based compensation expense in the current year over the prior year of \$1,700,862. The increase in loss was partially offset by a decrease in the write-down of exploration and evaluation assets of \$461,733 in the current quarter, where a significant write-down of the Svärdsjö Property was recognized in the fourth quarter of 2024.

## **PROPOSED TRANSACTIONS**

None.

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

The critical judgements and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements for the year ended June 30, 2025 as follows:

### Material accounting judgments

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the 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 expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit ("CGU"), or group of CGUs, level in the year the new information becomes available. If indicators of impairment exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

### Key sources of estimation uncertainty

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

#### *Valuation of stock-based compensation and compensation options*

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

## **NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS NOT YET EFFECTIVE**

### *IFRS 18 – Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure of Financial Statements, which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three defined categories of operating, investing and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies

to disclose explanations around these measures, which are referred to as management defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes.

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

## OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the year ended June 30, 2025.

## FINANCIAL INSTRUMENTS AND RELATED RISKS

### Classifications

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

	June 30, 2025	June 30, 2024
<b>Financial assets:</b>		
<b><i>Amortized cost</i></b>		
Cash and cash equivalents	\$ 9,740,155	\$ 5,861,955
<b><i>Fair value through profit and loss</i></b>		
Investment	150,000	145,000
<b>Financial liabilities:</b>		
<b><i>Other financial liabilities</i></b>		
Accounts payable and accrued liabilities	\$ 580,093	\$ 269,243
Advance from Boliden	221,343	948,214

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

### Fair value information

The fair values of the Company's cash and cash equivalents, 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).

Investments are measured at fair value using level 1 inputs. At June 30, 2025 and June 30, 2024, 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, 2025 and 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 government of Canada and Sweden, respectively. As at June 30, 2025 and 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 managing its capital and expenditures.

At June 30, 2025, the Company had cash and cash equivalents of \$9,740,155 (June 30, 2024 - \$5,861,955), of which \$221,343 (June 30, 2024 - \$948,214) were advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB and are therefore not available for general use, and accounts payable and accrued liabilities of \$580,093 (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 June 30, 2025. The Company assessed its liquidity risk as low as at June 30, 2025 and 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 June 30, 2025 and 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 June 30, 2025 and June 30, 2024, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in Euros and Swedish Krona ("SEK"):

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

  

<b>June 30, 2024</b>		
	<b>Euros</b>	<b>SEK</b>
Cash and cash equivalents	2,119	6,688,329
GST and VAT receivable	-	1,850,640
Prepaid expenses	-	189,276
Accounts payable and accrued liabilities	(10,199)	(177,311)
Advance payment 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 \$3,238 and \$104,025 (June 30, 2024 - \$1,184 and \$14,342), respectively. As at June 30, 2025 and 2024 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at June 30, 2025 and 2024.

#### **OUTSTANDING SHARE CAPITAL DATA**

At the date of this MD&A, the Company had 166,657,381 common shares issued and outstanding (June 30, 2024 - 130,315,625), 13,215,000 stock options outstanding, 54,218 compensation options outstanding, 9,837,500 warrants outstanding, 925,000 RSU's outstanding, and 675,000 DSU's outstanding.

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

## RISKS AND UNCERTAINTIES

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

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

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

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