



**Condensed Consolidated Interim Financial Statements and  
Management Discussion and Analysis  
for the Three and Six Months Ended December 31, 2025**

# **DISTRICT METALS CORP.**

Condensed Consolidated Interim Financial Statements  
For the three and six months ended December 31, 2025 and 2024  
(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	December 31, 2025	June 30, 2025
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	\$ 8,817,495	\$ 9,740,155
Receivables	36,324	274,857
Prepaid expenses	322,732	103,165
Other receivable	10,816	-
Receivable from Boliden (Note 7)	28,372	-
Investment (Note 4)	537,500	150,000
	<b>9,753,239</b>	<b>10,268,177</b>
Advances and deposits (Note 5)	24,627	553,562
Exploration and evaluation assets (Note 5)	10,718,988	8,909,132
<b>TOTAL ASSETS</b>	<b>\$ 20,496,854</b>	<b>\$ 19,730,871</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 and 14)	\$ 493,274	\$ 580,093
Advance from Boliden (Note 7)	-	221,343
<b>TOTAL LIABILITIES</b>	<b>493,274</b>	<b>801,436</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	84,453,164	81,907,909
Reserves (Note 9 and 10)	3,681,122	4,104,799
Accumulated deficit	(68,130,706)	(67,083,273)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>20,003,580</b>	<b>18,929,435</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 20,496,854</b>	<b>\$ 19,730,871</b>

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 26, 2026. They are signed on behalf of the Board of Directors by:

"Joanna Cameron"  
Director

"Garrett Ainsworth"  
CEO and Director

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

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

	Three months ended		Six months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
<b>EXPENSES</b>				
General and administrative costs	\$ 76,983	\$ 113,532	141,383	\$ 218,214
Marketing and investor relations	126,353	125,834	193,032	233,898
Salaries and consulting fees (Note 14)	514,680	349,513	658,644	495,285
Professional fees	8,962	110,585	47,930	160,026
Property investigation costs	11,643	-	11,643	-
Stock-based compensation (Note 10)	170,025	-	340,050	-
Transfer agent, regulatory and listing fees	46,617	109,487	72,841	116,662
<b>OPERATING EXPENSES</b>	<b>955,256</b>	<b>808,951</b>	<b>1,465,516</b>	<b>1,224,085</b>
<b>OTHER EXPENSES (INCOME)</b>				
Interest and dividend income	(68,201)	(53,531)	(133,550)	(112,487)
Fair value (gain) loss on investment (Note 5)	(82,500)	-	(132,500)	95,000
Other income (Note 5)	(13,950)	(59,025)	(34,017)	(74,882)
Gain on sale of asset (Note 5)	(106,037)	-	(106,037)	-
Foreign exchange (gain) loss	(125)	10,484	(11,979)	22,147
Write-down of exploration and evaluation assets (Note 5)	-	173	-	1,357
<b>LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ 684,443</b>	<b>\$ 707,052</b>	<b>1,047,433</b>	<b>\$ 1,155,220</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>0.01</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>	<b>167,708,490</b>	<b>130,538,165</b>	<b>166,639,599</b>	<b>130,435,189</b>

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)

	<b>Six months ended</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Cash flows provided from (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Loss</b>	\$ (1,047,433)	\$ (1,155,220)
<b>Adjustments for items not affecting cash:</b>		
Stock-based compensation	340,050	-
Gain on sale of asset	(106,037)	-
Fair value (gain) loss on investment	(132,500)	95,000
	<b>(939,259)</b>	<b>(1,060,220)</b>
<b>Net changes in non-cash working capital items:</b>		
GST and VAT receivable	227,717	(407,660)
Receivable from Boliden	(28,372)	(127,969)
Prepaid expenses and deposits	(219,567)	(6,466)
Accounts payable and accrued liabilities	26,538	526,093
Advance from Boliden	(221,343)	(777,936)
<b>Net cash flows used in operating activities</b>	<b>(1,160,947)</b>	<b>(1,854,158)</b>
<b>INVESTING ACTIVITIES</b>		
Advances and deposits	(525)	-
Exploration and evaluation assets exploration expenditures	(1,542,716)	(32,039)
<b>Net cash flows used in investing activities</b>	<b>(1,543,241)</b>	<b>(32,039)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from stock options exercised	825,200	38,688
Proceeds from compensation options exercised	8,947	-
Proceeds from warrants exercised	951,850	5,000
Share issuance costs	(4,469)	(1,700)
<b>Net cash flows provided from financing activities</b>	<b>1,781,528</b>	<b>41,988</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(922,660)</b>	<b>(1,844,209)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>9,740,155</b>	<b>5,861,955</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,817,495</b>	<b>\$ 4,017,746</b>
<b>Supplemental cash flow information</b>	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets included in accounts payable and accrued liabilities	113,357	8,610
Transfer of reserves on exercise of compensation options	17,835	38,213
Transfer of reserves on exercise of stock options	1,580,039	-
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
<b>Balance, June 30, 2024</b>	<b>130,315,625</b>	<b>\$ 73,347,633</b>	<b>\$ 3,086,801</b>	<b>\$ (63,646,859)</b>	<b>\$ 12,787,575</b>
Shares issued pursuant to compensation option exercise	252,327	76,901	(38,213)	-	38,688
Shares issued pursuant to warrant exercise	25,000	5,000	-	-	5,000
Share issuance costs	-	(1,700)	-	-	(1,700)
Net loss for the period	-	-	-	(1,155,220)	(1,155,220)
<b>Balance, December 31, 2024</b>	<b>130,592,962</b>	<b>\$ 73,427,834</b>	<b>\$ 3,048,588</b>	<b>\$ (64,802,079)</b>	<b>\$ 11,674,343</b>
<b>Balance, June 30, 2025</b>	<b>163,680,381</b>	<b>\$ 81,907,909</b>	<b>\$ 4,104,799</b>	<b>\$ (67,083,273)</b>	<b>\$ 18,929,435</b>
Share issued pursuant to stock option exercise (Note 8)	2,031,877	1,580,039	(754,839)	-	825,200
Shares issued pursuant to compensation option exercise (Note 8)	59,655	17,835	(8,888)	-	8,947
Shares issued pursuant to warrant exercise (Note 8)	3,349,500	951,850	-	-	951,850
Share issuance costs (Note 8)	-	(4,469)	-	-	(4,469)
Stock-based compensation (Note 10)	-	-	340,050	-	340,050
Net loss for the period	-	-	-	(1,047,433)	(1,047,433)
<b>Balance, December 31, 2025</b>	<b>169,121,413</b>	<b>\$ 84,453,164</b>	<b>\$ 3,681,122</b>	<b>\$ (68,130,706)</b>	<b>\$ 20,003,580</b>

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

# DISTRICT METALS CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars - Unaudited)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

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

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. The Company currently is not generating any revenues. It has incurred a loss during the three and six months ended December 31, 2025 of \$684,443 (2024 - \$707,052) and \$1,047,433 (2024 - \$1,155,220), respectively, and negative cash flows from operations since inception with an accumulated deficit of \$68,130,706 as at December 31, 2025 (June 30, 2025 - \$67,083,273). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

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

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 period ended June 30, 2025 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

#### (a) Statement of compliance

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

#### (b) Basis of presentation

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

#### (c) Presentation and functional currency

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

## DISTRICT METALS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars - Unaudited)

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

##### Material accounting judgments

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

##### *Going concern*

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

##### *Determination of functional currency*

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

##### *Impairment of long-lived assets*

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

##### Key sources of estimation uncertainty

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

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

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

### 3. CASH AND CASH EQUIVALENTS

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

	December 31, 2025		June 30, 2025	
Cash held in bank accounts	\$	1,204,487	\$	2,290,515
Cash equivalents		7,613,008		7,449,640
<b>Total</b>	<b>\$</b>	<b>8,817,495</b>	<b>\$</b>	<b>9,740,155</b>

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

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

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Six Months Ended December 31, 2025 and 2024**

(Expressed in Canadian Dollars - Unaudited)

**4. INVESTMENT**

The Company holds 2,500,000 common shares of Sherpa II Holdings Corp. ("Sherpa II") received in connection with the sale of an 80% interest in the Bakar Property by the Company to Sherpa II. On November 6, 2025, the Company completed the sale of its remaining interest in the Bakar Property to Sherpa II and received additional 1,500,000 common shares of Sherpa II. These shares are publicly traded on the Exchange and are held at FVTPL. As at December 31, 2025, the fair value of the Sherpa II shares was \$537,500 (June 30, 2025 - \$150,000). During the three and six months ended December 31, 2025, the Company recorded a fair value gain on investment of \$82,500 (2024 – \$Nil) and \$132,500 (2024 – loss of \$95,000) respectively, determined by reference to closing prices on the Exchange.

**5. EXPLORATION AND EVALUATION ASSETS**

	Tomtebo Property	Viken Property	Gruvberget Property	Bakar Property	Svärdsjö Property	Other Properties	Total
<b>Acquisition Costs</b>							
Balance, June 30, 2024	\$ 1,721,205	\$ 412,375	\$ 302,450	\$ 32,051	\$ -	\$ 233,525	\$ 2,701,606
Additions	-	197,500	-	-	-	-	197,500
Balance, June 30, 2025	\$ 1,721,205	\$ 609,875	\$ 302,450	\$ 32,051	\$ -	\$ 233,525	\$ 2,899,106
Additions	-	-	-	-	-	236,011	236,011
Disposals	-	-	-	(32,051)	-	-	(32,051)
<b>Balance, December 31, 2025</b>	<b>\$ 1,721,205</b>	<b>\$ 609,875</b>	<b>\$ 302,450</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 469,536</b>	<b>\$ 3,103,066</b>
<b>Deferred Exploration Costs</b>							
Balance, June 30, 2024	\$ 4,013,594	\$ 31,092	\$ 603,648	\$ 115,337	\$ -	\$ 82,740	\$ 4,846,411
Consulting	362,160	780,516	87	1,425	1,335	368,949	1,514,472
Geochemistry	27,217	407	-	-	-	-	27,624
Drilling	646,190	-	-	-	-	-	646,190
Other costs	121,453	5,747	-	150	67	6,334	133,751
Cost recovery	(1,157,020)	-	-	-	-	-	(1,157,020)
Impairment	-	-	-	-	(1,402)	-	(1,402)
Balance, June 30, 2025	\$ 4,013,594	\$ 817,762	\$ 603,735	\$ 116,912	\$ -	\$ 458,023	\$ 6,010,026
Consulting	125,553	272,748	-	-	-	1,443,151	1,841,452
Geochemistry	32,512	-	-	-	-	1,084	33,596
Drilling	29,270	-	-	-	-	-	29,270
Other costs	57,908	318	-	-	-	5,507	63,733
Assets disposal	-	-	-	(116,912)	-	-	(116,912)
Cost recovery	(245,243)	-	-	-	-	-	(245,243)
<b>Balance, December 31, 2025</b>	<b>\$ 4,013,594</b>	<b>\$ 1,090,828</b>	<b>\$ 603,735</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,907,765</b>	<b>\$ 7,615,922</b>
Balance, June 30, 2025	\$ 5,734,799	\$ 1,427,637	\$ 906,185	\$ 148,963	\$ -	\$ 691,548	\$ 8,909,132
<b>Balance, December 31, 2025</b>	<b>\$ 5,734,799</b>	<b>\$ 1,700,703</b>	<b>\$ 906,185</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,377,301</b>	<b>\$ 10,718,988</b>

**a) Tomtebo Property**

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

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

## **DISTRICT METALS CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

#### **For the Three and Six Months Ended December 31, 2025 and 2024**

(Expressed in Canadian Dollars - Unaudited)

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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").

The Company is the operator during the Option stage and is entitled to a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the three and six months ended December 31, 2025, the Company earned an operator fee of \$13,950 (2024 - \$59,025) and \$34,017 (2024 - \$74,882).

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

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

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

#### **b) Viken Property**

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

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

- \$50,000 cash paid to the vendor on closing (paid).
- \$50,000 cash payable to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (paid subsequent to December 31, 2025).
- 1,000,000 District Metals shares issued to the vendor on closing (issued January 15, 2024 with a fair value of \$250,000).
- 3,500,000 District Metals shares to be issued to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (issued January 22, 2026). These District Metals shares are subject to a voluntary lock-up pursuant to which 1,000,000 shares will be released four months after issuance, 500,000 shares will be released six months after issuance, 1,000,000 shares will be released twelve months after issuance and 1,000,000 shares will be released 18 months after issuance.
- A 2% NSR royalty granted to the vendor on closing that can be repurchased (i) in its entirety at any time for a value of \$8,000,000 or (ii) in respect of the first 1% for \$2,000,000 (the "Viken NSR").

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

#### **c) Gruvberget Property**

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

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

#### **d) Bakar Property**

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

On June 3, 2025, the Company entered into a definitive agreement to sell its remaining 24.48% interest in the Bakar Property to Sherpa II for 1,500,000 common shares. On November 6, 2025 the Company completed the sale of its remaining interest in the Bakar Property to Sherpa II and received 1,500,000 common shares

## DISTRICT METALS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three and Six Months Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars - Unaudited)

of Sherpa II. During the three months ended December 31, 2025, the Company recognized a gain on sale of the Bakar Property of \$106,037.

#### e) Other Properties

Bergslagen Metals AB holds the following mineral licenses:

- Ardnasvarre nr 1 located in Norrbotten County, northern Sweden;
- Sågtjärn nr 101 and 102, in Jämtland and Västernorrland Counties in central Sweden; and
- Nianfors nr 1 and 2 mineral licences 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 Västerbottens Counties, north-central Sweden.

At December 31, 2025, the Company held \$24,627 (June 30, 2025 - \$23,576) on deposit for reclamation deposits in Sweden for the Tomtebo, Viken and Gruvberget properties. At June 30, 2025, the Company also had \$529,986 for deposits to contractors for work not yet completed at December 31, 2025.

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	December 31, 2025		June 30, 2025	
Trade payables	\$	270,650	\$	398,809
Accrued liabilities		222,624		181,284
	\$	493,274	\$	580,093

## 7. RECEIVABLE FROM BOLIDEN

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

	December 31, 2025		June 30, 2025	
Advance balance, beginning	\$	221,343	\$	948,214
Funds received		237,920		1,539,294
Invoices issued or to be issued to Boliden		(509,107)		(2,379,060)
Impact of change in exchange rates		21,472		112,895
(Receivable) advance balance, ending	\$	(28,372)	\$	221,343

## 8. SHARE CAPITAL

### (a) Authorized share capital

Unlimited number of common shares without par value.

### (b) Issued share capital

#### Six months ended December 31, 2025

During the six months ended December 31, 2025, 3,349,500 share purchase warrants were exercised at an exercise price of \$0.30 and \$0.20 for gross proceeds of \$951,850.

During the six months ended December 31, 2025, 59,655 compensation options were exercised at an exercise price of \$0.15 for aggregate gross proceeds of \$17,835. Accordingly, the Company reclassified \$8,888 from reserves to share capital.

During the six months ended December 31, 2025, 2,102,500 stock options were exercised for aggregate gross proceeds of \$1,580,039. The Company issued 2,031,877 shares pursuant to the option exercise and reclassified \$754,839 from reserves to share capital.

During the six months ended December 31, 2025, the Company recorded share issuance costs of \$4,469.

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Six Months Ended December 31, 2025 and 2024**

(Expressed in Canadian Dollars - Unaudited)

Six months ended December 31, 2024

During the six months ended December 31, 2024, 25,000 share purchase warrants were exercised at an exercise price of \$0.20 for gross proceeds of \$5,000.

During the six months ended December 31, 2024, 252,327 compensation options were exercised for aggregate gross proceeds of \$38,688.

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

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

	December 31, 2025		June 30, 2025	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
<b>Outstanding, beginning of year</b>	<b>12,652,500</b>	<b>\$ 0.28</b>	<b>19,842,500</b>	<b>\$ 0.25</b>
Issued	-	-	-	-
Exercised	(3,349,500)	0.28	(7,190,000)	0.20
Expired	-	-	-	-
<b>Outstanding, end of period</b>	<b>9,303,000</b>	<b>\$ 0.28</b>	<b>12,652,500</b>	<b>\$ 0.28</b>

At December 31, 2025, the Company had outstanding warrants exercisable to acquire common shares of the Company as follows:

Expiry date	Number outstanding and exercisable	Exercise price	Weighted average remaining contractual life (in years)
March 2, 2026	1,962,500	\$ 0.20	0.17
February 1, 2027	7,345,000	\$ 0.30	1.09
	<b>9,303,000</b>	<b>\$ 0.28</b>	<b>0.89</b>

**(b) Compensation options**

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

	December 31, 2025		June 30, 2025	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
<b>Outstanding, beginning of year</b>	<b>66,218</b>	<b>\$ 0.15</b>	<b>1,867,582</b>	<b>\$ 0.20</b>
Granted	-	-	-	-
Exercised	(59,655)	0.15	(1,801,364)	0.20
Expired	-	-	-	-
<b>Outstanding, end of year</b>	<b>6,563</b>	<b>\$ 0.15</b>	<b>66,218</b>	<b>\$ 0.15</b>

At December 31, 2025, the Company had outstanding compensation options exercisable to acquire common shares of the Company as follows:

Expiry date	Number outstanding and exercisable	Exercise price	Weighted average remaining contractual life (in years)
March 2, 2026	6,563	\$ 0.15	0.17

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Six Months Ended December 31, 2025 and 2024**

(Expressed in Canadian Dollars - Unaudited)

**10. EQUITY INCENTIVE PLANS**

The Company adopted an Omnibus Incentive Plan on November 4, 2024 (the "Plan"), approved by shareholders at the Company's annual general meeting on December 12, 2024. Under the Plan, the Company may grant its directors, officers, employees and consultants stock options, restricted share units, and deferred share units (together the "Share Based Compensation") of the Company and which reserves up to 10% of its outstanding shares as Share Based Compensation. Vesting terms and conditions are determined by the Board of Directors.

**(a) Stock options**

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

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

	<b>December 31, 2025</b>		<b>June 30, 2025</b>	
	<b>Number outstanding</b>	<b>Weighted average exercise price</b>	<b>Number outstanding</b>	<b>Weighted average exercise price</b>
<b>Outstanding, beginning of year</b>	13,365,000	\$ 0.38	11,975,000	\$ 0.27
Granted	-	-	3,300,000	0.69
Exercised	(2,102,500)	0.43	(1,795,000)	0.21
Expired	-	-	(115,000)	0.32
<b>Outstanding and exercisable, end of period</b>	<b>11,262,500</b>	<b>\$ 0.37</b>	<b>13,365,000</b>	<b>\$ 0.38</b>

During the three and six months ended December 31, 2025 and 2024, the Company recognized an expense in respect of stock options of \$Nil in the statement of loss and comprehensive loss.

At December 31, 2025, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

<b>Expiry date</b>	<b>Number outstanding and exercisable</b>	<b>Weighted average Exercise price</b>	<b>Weighted average remaining contractual life (in years)</b>
January 18, 2026	50,000	\$ 0.45	0.05
April 13, 2026	50,000	\$ 0.40	0.28
October 7, 2026	2,080,000	\$ 0.25	0.77
March 6, 2028	2,260,000	\$ 0.20	2.18
December 5, 2028	250,000	\$ 0.175	2.93
February 1, 2029	3,042,500	\$ 0.28	3.09
February 13, 2029	300,000	\$ 0.30	3.12
May 9, 2029	50,000	\$ 0.42	3.36
June 27, 2030	3,180,000	\$ 0.69	4.49
	<b>11,262,500</b>	<b>\$ 0.34</b>	<b>2.85</b>

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Six Months Ended December 31, 2025 and 2024**

(Expressed in Canadian Dollars - Unaudited)

**(b) Restricted share units**

The Company grants restricted share units (“RSUs”) in accordance with the Plan. The board of directors approved vesting of the RSUs in three equal tranches: tranche one - twelve months from grant date, tranche two –twenty-four months from the grant date and tranche three – thirty-six months from grant date. These RSUs are classified as equity-settled, net of withholding taxes, as the Company expects that these awards will be settled by issuing shares and are valued at the market price of the Company shares on the date of grant.

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

	December 31, 2025		June 30, 2025	
	Number outstanding	Market Value at grant date	Number outstanding	Market Value at grant date
<b>Outstanding, beginning of year</b>	<b>925,000</b>	<b>\$ 0.69</b>	-	<b>\$ -</b>
Issued	-	-	925,000	0.69
<b>Outstanding, end of period</b>	<b>925,000</b>	<b>\$ 0.69</b>	<b>925,000</b>	<b>\$ 0.69</b>

During the three and six months ended December 31, 2025 and 2024, the Company recognized an expense in respect of RSUs in the statement of loss and comprehensive loss of \$98,296 and \$196,591, respectively.

**(c) Deferred share units**

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

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

	December 31, 2025		June 30, 2024	
	Number outstanding	Market Value at grant date	Number outstanding	Market Value at grant date
<b>Outstanding, beginning of year</b>	<b>675,000</b>	<b>\$ 0.69</b>	-	<b>\$ -</b>
Issued	-	-	675,000	0.69
<b>Outstanding, end of period</b>	<b>675,000</b>	<b>\$ 0.69</b>	<b>675,000</b>	<b>\$ 0.69</b>

During the period ended December 31, 2025 and 2024, the Company recognized an expense in respect of DSUs in the statement of loss and comprehensive loss of \$71,729 and \$143,459, respectively.

**11. MANAGEMENT OF CAPITAL**

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

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

The Company is not subject to any externally imposed capital requirements, apart from those pursuant to the Earn-In Agreement (Note 5). The Company did not change its capital management approach during the six months ended December 31, 2025.

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.

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Six Months Ended December 31, 2025 and 2024**

(Expressed in Canadian Dollars - Unaudited)

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

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

	December 31, 2025	June 30, 2025
<b>Financial assets:</b>		
<b><i>Amortized cost</i></b>		
Cash and cash equivalents	\$ 8,817,495	\$ 9,740,155
Receivable from Boliden	28,372	-
<b><i>Fair value through profit and loss</i></b>		
Investment	537,500	150,000
<b>Financial liabilities:</b>		
<b><i>Other financial liabilities</i></b>		
Accounts payable and accrued liabilities	\$ 493,274	\$ 580,093
Advance from Boliden	-	221,343

Accounts payable and accrued liabilities as at December 31, 2025 includes amounts due to related parties (Note 14).

**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 December 31, 2025 and June 30, 2025, the Company had no financial assets measured and recognized on the consolidated statements of financial position at fair value belonging in Level 2 or Level 3 of the fair value hierarchy.

**c) Management of financial risks**

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

***Credit risk***

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

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

***Liquidity risk***

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

## DISTRICT METALS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three and Six Months Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars - Unaudited)

At December 31, 2025, the Company had cash and cash equivalents of \$8,817,495 (June 30, 2025 - \$9,740,155) and accounts payable and accrued liabilities of \$493,274 (June 30, 2025 - \$580,093) with contractual maturities of less than one year. At June 30, 2025, there was \$221,343 of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB included in cash and cash equivalents that were not available for general use (Note 5). The Company had sufficient cash to meet its current liabilities as at December 31, 2025. The Company assessed its liquidity risk as low as at December 31, 2025 and June 30, 2025.

#### *Interest rate risk*

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

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

#### *Foreign currency risk*

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

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

<b>December 31, 2025</b>			
	<b>Euros</b>	<b>SEK</b>	<b>USD</b>
Cash and cash equivalents	2,233	4,739,570	-
GST and VAT receivable	-	135,789	-
Prepaid expenses	-	165,616	-
Accounts payable and accrued liabilities	(68,812)	(1,018,568)	(15,083)
Advance from Boliden	-	190,799	-
Net	(66,589)	4,213,206	(15,083)
Canadian dollar equivalent	\$ (107,135)	\$ 626,504	\$ (20,673)

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

Based on the above net exposures, a 10% change in the Canadian dollar/Euro, Canadian dollar/SEK and Canadian dollar/USD exchange rate would impact the Company's net loss by approximately \$10,714 (June 30, 2025 - \$3,328), \$62,650 (June 30, 2025 - \$104,025), and \$2,067 (June 30, 2025 - \$Nil), respectively. As at December 31, 2025 and June 30, 2025 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at December 31, 2025 and June 30, 2025.

### 13. SEGMENTED INFORMATION

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

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Six Months Ended December 31, 2025 and 2024**

(Expressed in Canadian Dollars - Unaudited)

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

<b>As at December 31, 2025</b>	<b>Sweden</b>		<b>Canada</b>		<b>Total</b>
Advances and deposits	\$	24,627	\$	-	\$ 24,627
Exploration and evaluation assets		10,718,988		-	10,718,988
	\$	10,743,615	\$	-	\$ 10,743,615

  

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

**14. RELATED PARTY TRANSACTIONS**

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

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

- (a) Key management compensation for the three and six months ended December 31, 2025 and 2024 were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Salary	\$ 191,250	\$ 191,250	\$ 255,000	\$ 255,000
Consulting	169,500	141,000	243,000	198,960
Total	\$ 360,750	\$ 332,250	\$ 498,000	\$ 453,960

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

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

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

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

- (c) Pursuant to the Ainsworth Agreement, the Company incurred a total salary and bonus of \$191,250 and \$255,000 to the CEO during the three and six months ended December 31, 2025 (2024 - \$191,250 and \$250,000). The Company had \$19,638 due to the CEO in relation to reimbursable expenses at December 31, 2025 (June 30, 2025 - \$Nil).
- (d) Pursuant to the Yassin Agreement, during the three and six months ended December 31, 2025, the Company paid consulting fees and bonus of \$90,000 and \$120,000 (2024 - \$67,500 and \$90,000), respectively, for services provided by the CFO. The Company had \$Nil due to the CFO in relation to reimbursable expenses at December 31, 2025 (June 30, 2025 - \$Nil).

## DISTRICT METALS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars - Unaudited)

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- (e) During the three and six months ended December 31, 2025 and 2024, the Company incurred stock-based compensation expense of \$170,025 and \$340,050 (2024 - \$Nil), respectively, related to RSUs and DSUs granted to officers and directors of the Company.
- (f) In each of the three and six months ended December 31, 2025 and 2024, the Company paid director's fees of \$45,000 and \$54,000 (2024 - \$45,000 and \$54,000), recorded in consulting fees, to directors of the Company.
- (g) During the three and six months ended December 31, 2025 and 2024, the Company paid consulting fees of \$28,500 and \$57,000, (2024 - \$28,500 and \$54,960) respectively, to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. During the three and six months ended December 31, 2025, the Company also paid consulting fees of \$6,000 and \$12,000 (2024 - \$Nil), respectively, for services provided directly to District Metals AB in relation to the Earn-in Agreement with Boliden Mineral AB. These costs were recovered pursuant to the Earn-In Agreement. The Company had \$Nil due to the company controlled by a close family member of the CFO in relation to reimbursable expenses at December 31, 2025 (June 30, 2025 - \$78).

#### 15. SUBSEQUENT EVENTS

On January 19, 2026, the Company granted 300,000 stock options, exercisable into one common share of the Company at a price of \$1.24 per common share for five years, vesting over a period of three years.

On January 22, 2026, the Company issued 3,500,000 shares and paid \$50,000 pursuant to the Viken Extension Agreement (Note 5).

On February 26, 2026, the Company issued 100,000 RSUs vesting twelve months from the grant date.

Subsequent to December 31, 2025, the following warrants, stock options and compensation options were exercised:

- 3,157,500 warrants were exercised for gross proceeds of \$761,000;
- 250,000 stock options were exercised for gross proceeds of \$67,500; and
- 1,313 compensation options were exercised for gross proceeds of \$197.



## Management Discussion and Analysis For the Three and Six Months Ended December 31, 2025 and 2024

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

This MD&A contains forward-looking information. In particular, statements regarding the adequacy of cash resources to carry out the Company's exploration programs, plans for additional exploration and the possible results of an inquiry into the mining of Alum Shales in Sweden are forward-looking information. All forward-looking information, including those not specifically identified herein, are made subject to cautionary language on page 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 February 26, 2026.

### BUSINESS OVERVIEW

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

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

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

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 six months ended December 31, 2025 and the year ended June 30, 2025 are as follows:

	Tomtebo Property	Viken Property	Gruvberget Property	Bakar Property	Svärdsjö Property	Other Properties	Total
<b>Acquisition Costs</b>							
Balance, June 30, 2024	\$ 1,721,205	\$ 412,375	\$ 302,450	\$ 32,051	-	\$ 233,525	\$ 2,701,606
Additions	-	197,500	-	-	-	-	197,500
Balance, June 30, 2025	\$ 1,721,205	\$ 609,875	\$ 302,450	\$ 32,051	-	\$ 233,525	\$ 2,899,106
Additions	-	-	-	-	-	236,011	236,011
Disposals	-	-	-	(32,051)	-	-	(32,051)
<b>Balance, December 31, 2025</b>	<b>\$ 1,721,205</b>	<b>\$ 609,875</b>	<b>\$ 302,450</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 469,536</b>	<b>\$ 3,103,066</b>
<b>Deferred Exploration Costs</b>							
Balance, June 30, 2024	\$ 4,013,594	\$ 31,092	\$ 603,648	\$ 115,337	-	\$ 82,740	\$ 4,846,411
Consulting	362,160	780,516	87	1,425	1,335	368,949	1,514,472
Geochemistry	27,217	407	-	-	-	-	27,624
Drilling	646,190	-	-	-	-	-	646,190
Other costs	121,453	5,747	-	150	67	6,334	133,751
Cost recovery	(1,157,020)	-	-	-	-	-	(1,157,020)
Impairment	-	-	-	-	(1,402)	-	(1,402)
Balance, June 30, 2025	\$ 4,013,594	\$ 817,762	\$ 603,735	\$ 116,912	-	\$ 458,023	\$ 6,010,026
Consulting	125,553	272,748	-	-	-	1,443,151	1,841,452
Geochemistry	32,512	-	-	-	-	1,084	33,596
Drilling	29,270	-	-	-	-	-	29,270
Other costs	57,908	318	-	-	-	5,507	63,733
Assets disposal	-	-	-	(116,912)	-	-	(116,912)
Cost recovery	(245,243)	-	-	-	-	-	(245,243)
<b>Balance, December 31, 2025</b>	<b>\$ 4,013,594</b>	<b>\$ 1,090,828</b>	<b>\$ 603,735</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 1,907,765</b>	<b>\$ 7,615,922</b>
Balance, June 30, 2025	\$ 5,734,799	\$ 1,427,637	\$ 906,185	\$ 148,963	-	\$ 691,548	\$ 8,909,132
<b>Balance, December 31, 2025</b>	<b>\$ 5,734,799</b>	<b>\$ 1,700,703</b>	<b>\$ 906,185</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 2,377,301</b>	<b>\$ 10,718,988</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").

The Company acted as the operator during the Option stage and as consideration was entitled to a 7.5% fee on qualifying expenditures (as defined in the Earn-In Agreement). During the three and six months ended December 31, 2025, the Company earned an operator fee of \$13,950 (2024 - \$59,025) and \$34,017 (2024 - \$74,882).

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

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

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

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

### **Viken Property, Sweden**

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

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

- \$50,000 cash paid to the vendor on closing (paid).
- \$50,000 cash payable to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (paid subsequent to December 31, 2025).
- 1,000,000 District Metals shares issued to the vendor on closing (issued January 15, 2024 with a fair value of \$250,000).
- 3,500,000 District Metals shares to be issued to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (issued January 22, 2026). These District Metals shares are subject to a voluntary lock-up pursuant to which 1,000,000 shares will be released four months after issuance, 500,000 shares will be released six months after issuance, 1,000,000 shares will be released twelve months after issuance and 1,000,000 shares will be released 18 months after issuance.
- A 2% NSR royalty granted to the vendor on closing that can be repurchased by the Company (i) in its entirety at any time for a value of \$8,000,000 or (ii) in respect of the first 1% for \$2,000,000 (the "Viken NSR").

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

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

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

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

### **Gruvberget Property, Sweden**

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

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

## **Bakar Property, British Columbia**

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

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

## **Other Properties**

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

- Ardnasvarre nr 1 over a 9,708 ha area located in Norrbotten County, northern Sweden;
- Sågtjärn nr 101 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 Österkälén nr 101, located in the Jämtland and Västerbotten Counties, north-central Sweden, covering an area of 79,251 ha.

During the three months ended September 30, 2025, the Company completed Unmanned Aerial Vehicle ("UAV") radiometric and magnetic surveys at the Sågtjärn and Nianfors Properties, as a result of which, the Company applied for the following mineral licenses from the Bergsstaten (Mining Inspectorate), which were received during the three months ended December 31, 2025:

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

During the three months ended December 31, 2025, the Company completed UAV radiometric and magnetic surveys at Ardnasvarre and MobileMT surveys at Österkälén, Malgomaj and Tåsjö.

The Company believes that all of the Other Properties are prospective for uranium. Within the Other Properties is a portfolio of Alum Shale deposits, including Tåsjö nr 101 to 108, Malgomaj nr 1001 to 1003, and Österkälén nr 101 located in the Jämtland and Västerbottens Counties, north-central Sweden.

## **Regulation of Uranium Mining in Sweden**

On November 5, 2025, the Swedish Parliament voted to repeal the moratorium on uranium exploration and mining in Sweden, imposed in 2018, and approved new legislation effective January 1, 2026 permitting uranium exploration and mining. Exploration and mining of uranium from Swedish deposits was made legal on January 1, 2026.

On February 4 and 5, 2026, Swedish media reported outlined a revised approach to municipal veto rights in the context of uranium and Alum Shale mining in Sweden. The proposed approach includes lifting the municipal veto for uranium processing and commencing an inquiry into mining of Alum Shale deposits. The introduction of a potential new municipal veto for Alum Shale extraction is announced to be part of the scope in such an inquiry, with retrospective application.

The Company looks forward to engaging constructively with regulators, local authorities, and other stakeholders to support a transparent, environmentally responsible, and commercially viable mining framework in Sweden. The Company continues to advance its 2026 exploration and development plans across its portfolio of uranium properties in Sweden announced on January 13, 2026.

## **FINANCIAL REVIEW**

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

### **Results of operations for the three months ended December 31, 2025**

The Company incurred a loss and comprehensive loss of \$684,443 during the three months ended December 31, 2025 as compared to the net loss and comprehensive loss of \$707,052 for the three months ended December 31, 2024, a decrease in loss of \$22,609. The decrease in loss and comprehensive loss was primarily driven by:

- An increase in fair value gain on investment, with a gain of \$82,500 in three months period ended December 31, 2025 compared to \$Nil fair value change in the prior year period driven by an increase in the Sherpa II share price fluctuations.

- Gain from the sale of Bakar property during three month period ended December 31, 2025 in amount of \$106,037.
- A decrease in marketing and investor relations costs and general and administrative costs driven mainly by a reduction in conferences and related travel expenses.
- A decrease in professional fees of \$101,623, driven by the timing of listing-related expenses in the prior year period coinciding with the trading of the Company's depository receipts on the Nasdaq First North Growth Market in Sweden.

The decrease in loss and comprehensive loss were partially offset by increases in:

- Stock-based compensation of \$170,025, as a result of RSU and DSU vesting in the current period with no corresponding expense in the prior year period due to the timing of issuances; and
- Salaries and consulting fees of \$165,167, as a result of an increase in activity by the team, along with an increase in bonuses paid relative to the prior year period.

### Results of operations for the six months ended December 31, 2025

The Company incurred a loss and comprehensive loss of \$1,047,443 during the six months ended December 31, 2025 as compared to the net loss and comprehensive loss of \$1,155,220 for the six months ended December 31, 2024, a decrease in loss of \$107,787. The decrease in loss and comprehensive loss was primarily driven by:

- An increase in fair value gain on investment, with a gain of \$132,500 in six months period ended December 31, 2025 compared to loss of \$95,000 in the prior year period driven due to Sherpa II share price fluctuations.
- Gain from the sale of Bakar property during six months period ended December 31, 2025 in amount of \$106,037.
- A decrease in marketing and investor relations costs and general and administrative costs driven mainly by a reduction in conferences and related travel expenses.
- A decrease in professional fees of \$112,096, driven by the timing of listing-related expenses in the prior year period coinciding with the trading of the Company's depository receipts on the Nasdaq First North Growth Market in Sweden.

The decreases in loss and comprehensive loss were partially offset by increases in:

- Stock-based compensation of \$340,050, as a result of RSU and DSU vesting in the current period with no corresponding expense in the prior year period due to the timing of issuances.
- Salaries and consulting fees of \$163,359, as a result of an increase in activity by the team, along with an increase in bonuses paid relative to the prior year period.

### Summary of quarterly results

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

	Quarter ended	Revenue	Loss before other income and expenses	Loss and comprehensive loss	Basic and diluted income (loss) per common share
Q2/26	December 31, 2024	\$ -	\$ (955,256)	\$ (684,443)	\$ (0.00)
Q1/26	September 30, 2025	\$ -	\$ (510,260)	\$ (362,990)	\$ (0.00)
Q4/25	June 30, 2025	\$ -	\$ (2,097,713)	\$ (1,988,916)	\$ (0.03)
Q3/25	March 31, 2025	\$ -	\$ (447,705)	\$ (322,673)	\$ (0.00)
Q2/25	December 31, 2024	\$ -	\$ (808,951)	\$ (707,052)	\$ (0.01)
Q1/25	September 30, 2024	\$ -	\$ (522,981)	\$ (448,168)	\$ (0.00)
Q4/24	June 30, 2024	\$ -	\$ (464,051)	\$ (1,056,211)	\$ (0.01)
Q3/24	March 31, 2024	\$ -	\$ (1,195,995)	\$ (1,159,361)	\$ (0.01)

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

- The Company's Q2 2026 loss was influenced by annual incentive payments of \$284,034 recognized during the quarter. When normalized for this amount, the net loss was \$400,409.
- The Company's Q1 2026 loss was influenced by stock-based compensation expense of \$170,025. When normalized for this amount, the net loss was \$192,965.
- The Company's Q4 2025 loss was influenced by stock-based compensation expense of \$1,717,830. When normalized for this amount, the net loss was \$271,086.
- The Company's Q3 2025 loss was influenced by increased transfer agent, regulatory, and listing fees as well as professional fees in relation to the Company's listing on the Nasdaq First North Growth Market stock exchange in Sweden during that quarter.

- The Company's Q2 2025 loss was influenced by annual incentive payments of \$208,500 recognized during the quarter. When normalized for this amount, the loss was \$498,552.
- An unrealized loss on investment in marketable securities of \$95,000 contributed to the loss in Q1 2025.
- The Company's Q4 2024 loss was influenced by a write-down of exploration and evaluation assets related to the Company's Svärdsjö property. After normalizing for the write-down, loss was \$594,433.
- 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 condensed consolidated interim financial statements for the three and six months ended December 31, 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 December 31, 2025, the Company had cash and cash equivalents of \$8,817,495 (June 30, 2025 - \$9,740,155) and accounts payable and accrued liabilities of \$493,274 (June 30, 2025 - \$580,093) with contractual maturities of less than one year. At June 30, 2025, there was \$221,343 of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB, which were included in cash and cash equivalents and not available for general use. The Company had sufficient cash to meet its current liabilities as at December 31, 2025. The Company assessed its liquidity risk as low as at December 31, 2025 and June 30, 2025.

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.

During the six months ended December 31, 2025, 3,349,500 share purchase warrants were exercised for gross proceeds of \$951,850.

During the six months ended December 31, 2025, 59,655 compensation options were exercised at an exercise price of \$0.15 for aggregate gross proceeds of \$17,835. Accordingly, the Company reclassified \$8,888 from reserves to share capital.

During the six months ended December 31, 2025, 2,102,500 stock options were exercised for aggregate gross proceeds of \$1,580,039. The Company issued 2,031,877 shares pursuant to the option exercise and reclassified \$754,839 from reserves to share capital.

On January 19, 2026, the Company granted 300,000 stock options, exercisable into one common share of the Company at a price of \$1.24 per common share for five years, vesting over a period of three years.

On January 22, 2026, the Company issued 3,500,000 shares and paid \$50,000 pursuant to the Viken Extension Agreement.

On February 26, 2026, the Company issued 100,000 RSUs vesting twelve months from the grant date.

Subsequent to December 31, 2025, the following warrants, stock options and compensation options were exercised:

- 3,157,500 warrants were exercised for gross proceeds of \$761,000;
- 250,000 stock options were exercised for gross proceeds of \$67,500; and
- 1,313 compensation options were exercised for gross proceeds of \$197.

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

### Cash flows

Cash used in operating activities for the six months ended December 31, 2025 was \$1,160,947 compared to \$1,854,158 used in operating activities for the six months ended December 31, 2024.

During the six months ended December 31, 2025, the Company invested \$1,543,241 in exploration and evaluation assets and advances and deposits for exploration, compared with \$32,039 during the six months ended December 31, 2024.

During the six months ended December 31, 2025, the Company raised \$1,781,528 from financing activities, including the exercise of warrants, stock options and compensation options, net of share issuance costs (December 31, 2024 - \$41,988).

## TRANSACTIONS WITH RELATED PARTIES

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

	For the Three Months Ended		For the Six Months Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Salary	\$ 191,250	\$ 191,250	\$ 255,000	\$ 255,000
Consulting	\$ 169,500	141,000	\$ 243,000	198,960
Total	\$ 360,750	\$ 332,250	\$ 498,000	\$ 453,960

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

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

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

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

Pursuant to the Ainsworth Agreement, the Company incurred a total salary and bonus of \$191,250 and \$255,000 to the CEO during the three and six months ended December 31, 2025 (2024 - \$191,250 and \$250,000). The Company had \$19,638 due to the CEO in relation to reimbursable expenses at December 31, 2025 (June 30, 2025 - \$Nil).

Pursuant to the Yassin Agreement, during the three and six months ended December 31, 2025, the Company paid consulting fees and bonus of \$90,000 and \$120,000 (2024 - \$67,500 and \$90,000), respectively, for services provided by the CFO. The Company had \$Nil due to the CFO in relation to reimbursable expenses at December 31, 2025 (June 30, 2025 - \$Nil).

During the three and six months ended December 31, 2025 and 2024, the Company incurred stock-based compensation expense of \$170,025 and \$340,050 (2024 - \$Nil), respectively, related to RSUs and DSUs granted to officers and directors of the Company.

In each of the three and six months ended December 31, 2025 and 2024, the Company paid director's fees of \$45,000 and \$54,000 (2024 - \$45,000 and \$54,000), recorded in consulting fees, to directors of the Company.

During the three and six months ended December 31, 2025 and 2024, the Company paid consulting fees of \$28,500 and \$57,000, (2024 - \$28,500 and \$54,960) respectively, to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. During the three and six months ended December 31, 2025, the Company also paid consulting fees of \$6,000 and \$12,000 (2024 - \$Nil), respectively, for services provided directly to District Metals AB in relation to the Earn-in Agreement with Boliden Mineral AB. These costs were recovered pursuant to the Earn-In Agreement. The Company had \$Nil due to the company controlled by a close family member of the CFO in relation to reimbursable expenses at December 31, 2025 (June 30, 2025 - \$78).

## PROPOSED TRANSACTIONS

None.

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

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

#### *Going concern*

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

#### *Determination of functional currency*

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

#### *Impairment of long-lived assets*

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

### Key sources of estimation uncertainty

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

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

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

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

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

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

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

## OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the six months ended December 31, 2025.

## FINANCIAL INSTRUMENTS AND RELATED RISKS

### Classifications

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

	December 31, 2025	June 30, 2025
<b>Financial assets:</b>		
<b><i>Amortized cost</i></b>		
Cash and cash equivalents	\$ 8,817,495	\$ 9,740,155
Receivable from Boliden	28,372	-
<b><i>Fair value through profit and loss</i></b>		
Investment	537,500	150,000
<b>Financial liabilities:</b>		
<b><i>Other financial liabilities</i></b>		
Accounts payable and accrued liabilities	\$ 493,274	\$ 580,093
Advance from Boliden	-	221,343

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

### Fair value information

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

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

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

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

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

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

### Financial instrument risk exposure

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

#### *Credit risk*

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

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

#### *Liquidity risk*

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

At December 31, 2025, the Company had cash and cash equivalents of \$8,817,495 (June 30, 2025 - \$9,740,155) and accounts payable and accrued liabilities of \$493,274 (June 30, 2025 - \$580,093) with contractual maturities of less than one year. At June 30, 2025, there was \$221,343 of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB included in cash and cash equivalents that were not available for general use. The Company had sufficient cash to meet its current liabilities as at December 31, 2025. The Company assessed its liquidity risk as low as at December 31, 2025 and June 30, 2025.

#### *Interest rate risk*

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

#### *Foreign currency risk*

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

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

<b>December 31, 2025</b>			
	<b>Euros</b>	<b>SEK</b>	<b>USD</b>
Cash and cash equivalents	2,233	4,739,570	-
GST and VAT receivable	-	135,789	-
Prepaid expenses	-	165,616	-
Accounts payable and accrued liabilities	(68,812)	(1,018,568)	(15,083)
Advance from Boliden	-	190,799	-
Net	(66,589)	4,213,206	(15,083)
Canadian dollar equivalent	\$ (107,135)	\$ 626,504	\$ (20,673)

<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

Based on the above net exposures, a 10% change in the Canadian dollar/Euro, Canadian dollar/SEK and Canadian dollar/American dollar exchange rate would impact the Company's net loss by approximately \$10,714 (June 30, 2025 - \$3,328), \$62,650 (June 30, 2025 - \$104,025), and \$2,067 (June 30, 2025 - \$Nil), respectively. As at December 31, 2025 and June 30, 2025 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at December 31, 2025 and June 30, 2025.

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

At the date of this MD&A, the Company had 176,030,226 common shares issued and outstanding (June 30, 2025 - 166,657,381), 11,312,500 stock options outstanding (June 30, 2025 - 13,365,000), 5,250 compensation options outstanding (June 30, 2025 - 66,218), 6,145,500 warrants outstanding (June 30, 2025 - 12,652,500), 1,025,000 RSU's outstanding (June 30, 2025 - 925,000), and 675,000 DSU's outstanding (June 30, 2025 - 675,000).

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

#### **RISKS AND UNCERTAINTIES**

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

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

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

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

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

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