

Condensed Consolidated Interim Financial Statements and Management Discussion and Analysis for the Three Months Ended September 30, 2026

DISTRICT METALS CORP.

Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2026 and 2025
(Expressed in Canadian Dollars - Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

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

As at		September 30, 2026		June 30, 2026
ASSETS				
Current assets				
Cash and cash equivalents (Note 4)	**$**	**13,909,370**	$	16,187,420
Receivables		**187,684**		93,580
Prepaid expenses		**275,842**		253,990
Receivable from Boliden (Note 8)		**7,038**		7,262
Investment (Note 5)		**162,500**		437,500
		14,542,434		16,979,752
Advances and deposits (Note 6)		**23,707**		484,894
Exploration and evaluation assets (Note 6)		**16,829,369**		15,113,413
TOTAL ASSETS	**$**	**31,395,510**	$	32,578,059
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Notes 7 and 15)	**$**	**310,582**	$	816,964
TOTAL LIABILITIES		**310,582**		816,964
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		**99,061,473**		99,042,777
Reserves (Notes 10 and 11)		**4,538,846**		3,942,208
Accumulated deficit		**(72,515,391)**		(71,223,890)
TOTAL SHAREHOLDERS' EQUITY		**31,084,928**		31,761,095
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**31,395,510**	$	32,578,059

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 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	
	September 30, 2026	**September 30, 2025**
EXPENSES		
General and administrative costs	**$ 93,851**	$ 64,400
Marketing and investor relations	**87,521**	66,679
Salaries and consulting fees (Note 15)	**204,969**	143,964
Professional fees	**23,195**	38,968
Stock-based compensation (Notes 11 and 15)	**606,889**	170,025
Transfer agent, regulatory and listing fees	**44,626**	26,224
OPERATING EXPENSES	**1,061,051**	510,260
OTHER EXPENSES (INCOME)		
Interest and dividend income (Note 4)	**(102,624)**	(65,349)
Fair value loss (gain) on investment (Note 5)	**275,000**	(50,000)
Other income (Note 6)	**-**	(20,067)
Foreign exchange loss (gain)	**58,074**	(11,854)
LOSS AND COMPREHENSIVE LOSS	**$ 1,291,501**	$ 362,990
Basic and diluted loss per share	**$ 0.01**	$ 0.00
Weighted average number of common shares outstanding, basic and diluted	**190,963,218**	165,498,876

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

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

	Three months ended	
	September 30, 2026	**September 30, 2025**
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Loss	**$ (1,291,501)**	$ (362,990)
Adjustments for items not affecting cash:		
Stock-based compensation	**606,889**	170,025
Fair value loss (gain) on investment	**275,000**	(50,000)
	(409,612)	(242,965)
Net changes in non-cash working capital items:		
GST and VAT receivable	**(94,104)**	143,094
Receivable from Boliden	**224**	66,581
Prepaid expenses and deposits	**(21,852)**	(20,239)
Accounts payable and accrued liabilities	**(204,085)**	(219,588)
Advance from Boliden	**-**	(354,505)
	(319,817)	(627,622)
Withholding taxes paid on settlement of restricted share units	**(104,833)**	-
Net cash flows used in operating activities	**(834,262)**	(627,622)
INVESTING ACTIVITIES		
Advances and deposits	**461,187**	15,507
Exploration and evaluation assets exploration expenditures	**(1,913,420)**	(770,604)
Net cash flows used in investing activities	**(1,452,233)**	(755,097)
FINANCING ACTIVITIES		
Proceeds from stock options exercised	**12,500**	31,500
Proceeds from compensation options exercised	**-**	6,076
Proceeds from warrants exercised	**-**	844,500
Share issuance costs	**(4,055)**	(2,055)
Net cash flows provided from financing activities	**8,445**	880,021
Net decrease in cash and cash equivalents	**(2,278,050)**	(502,698)
Cash and cash equivalents, beginning of period	**16,187,420**	9,740,155
Cash and cash equivalents, end of period	**$ 13,909,370**	$ 9,237,457
Supplemental cash flow information	**$**	$
Exploration and evaluation assets included in accounts payable and accrued liabilities	209,338	98,302
Transfer of reserves on exercise of compensation options	-	6,036
Transfer of reserves on exercise of stock options	10,251	25,816
Taxes paid	-	-
Interest paid	-	-

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

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

	Number of shares	Amount	Reserve	Accumulated deficit	Total
Balance, June 30, 2025	**163,680,381**	**$ 81,907,909**	**$ 4,104,799**	**$ (67,083,273)**	**$ 18,929,435**
Share issuance costs (Note 9)	-	(2,055)	-	-	(2,055)
Shares issued pursuant to stock option exercise (Note 9)	150,000	57,316	(25,816)	-	31,500
Shares issued pursuant to compensation option exercise (Note 9)	40,512	12,112	(6,036)	-	6,076
Shares issued pursuant to warrant exercise (Note 9)	2,815,000	844,500	-	-	844,500
Stock-based compensation (Note 11)	-	-	170,025	-	170,025
Net loss for the period	-	-	-	(362,990)	(362,990)
Balance, September 30, 2025	**166,685,893**	**$ 82,819,782**	**$ 4,242,972**	**$ (67,446,263)**	**$ 19,616,491**
Balance, June 30, 2026	**190,961,588**	**$ 99,042,777**	**$ 3,942,208**	**$ (71,223,890)**	**$ 31,761,095**
Share issuance costs (Note 9)	-	(4,055)	-	-	(4,055)
Shares issued pursuant to stock option exercise (Note 9)	50,000	22,751	(10,251)	-	12,500
Stock-based compensation (Note 11)	-	-	606,889	-	606,889
Net loss for the period	-	-	-	(1,291,501)	(1,291,501)
Balance, September 30, 2026	**191,011,588**	**$ 99,061,473**	**$ 4,538,846**	**$ (72,515,391)**	**$ 31,084,928**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

District Metals Corp. (the "Company" or "District Metals") was incorporated under the provincial laws of the Province of Alberta on July 24, 1989 and continued in the Province of British Columbia on March 31, 2006. The Company's registered office is located at Suite 3100, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8. The Company is listed on the TSX Venture Exchange (the "Exchange") and trades under the symbol "DMX", on the Frankfurt Stock Exchange under the symbol "DFPP" and on the United States OTCQX under the symbol "DMXCF". On January 23, 2025, the Company's depository receipts began trading on Nasdaq First North Growth Market under the symbol "DMXSE SDB". On November 12, 2025, the Company's common shares were upgraded to the OTCQX Market from the OTCQB Market in the United States.

The Company currently is not generating any revenues and incurred a loss during the three months ended September 30, 2026 of $1,291,501 (2025 - $362,990). The Company had cash and cash equivalents at September 30, 2026 of $13,909,370 (June 30, 2026 - $16,187,420) and its current assets exceeded its current liabilities by $14,231,852 (June 30, 2026 - $16,162,788), and the Company believes that it has adequate resources to fund its planned exploration, evaluation and general corporate expenditures for at least twelve months from the reporting date. Accordingly, these financial statements have been prepared on a going concern basis.

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

2. BASIS OF PREPARATION

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended June 30, 2026 and have been consistently followed in the preparation of these condensed consolidated interim financial statements, except for the adoption of the Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments, effective July 1, 2026, which did not have a material impact on 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, 2026 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.

(d) New accounting standards and interpretations

IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

3. 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 condensed consolidated interim statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Valuation of stock options and warrants

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

4. CASH AND CASH EQUIVALENTS

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

		September 30, 2026		June 30, 2026
Cash held in bank accounts	$	2,332,074	$	5,692,180
Cash equivalents		11,577,296		10,495,240
Total	**$**	**13,909,370**	**$**	**16,187,420**

Cash equivalents were held in cashable guaranteed investment certificates with interest rates of 3.30% and 2.9% at September 30, 2026, and interest rates of 3.30% and 2.9% at June 30, 2026.

5. INVESTMENT

The Company holds 2,500,000 common shares of Sherpa II Holdings Corp. ("Sherpa II") (Note 6). These shares are publicly traded on the Exchange and are held at FVTPL.

On November 7, 2025, the Company received 1,500,000 common shares of Sherpa II Holdings Corp. as consideration for the sale of the Bakar Property (Note 6). The Sherpa II shares were valued at the closing price on the date of receipt of $0.17, resulting in a fair value of $255,000. The shares were subject to a contractual transfer restriction that prohibited their sale until March 7, 2026. The restriction expired during the year and, as at June 30, 2026, the shares were freely transferable.

As at September 30, 2026, the fair value of the Sherpa II shares was $162,500 (June 30, 2026 - $437,500). During the three months ended September 30, 2026, the Company recorded a fair value loss on investment of $275,000 (2025 – gain of $50,000) determined by reference to closing prices on the Exchange.

6. EXPLORATION AND EVALUATION ASSETS

	Tomtebo Property	Viken Property	Gruvberget Property	Bakar Property	Alum Shale Properties	Other Properties	Total
Acquisition Costs							
Balance, June 30, 2025	$ 1,721,205	$ 609,875	$ 302,450	$ 32,051	$ 193,074	$ 40,451	$ 2,899,106
Additions	-	4,256,751	-	-	259,639	120,540	4,636,930
Disposals	-	-	-	(32,051)	-	-	(32,051)
Impairment	-	-	(302,450)	-	-	-	(302,450)
Balance, June 30, 2026	$ 1,721,205	$ 4,866,626	$ -	$ -	$ 452,713	$ 160,991	$ 7,201,535
Balance, September 30, 2026	$ 1,721,205	$ 4,866,626	$ -	$ -	$ 452,713	$ 160,991	$ 7,201,535
Deferred Exploration Costs							
Balance, June 30, 2025	$ 4,013,594	$ 817,762	$ 603,735	$ 116,912	$ 410,530	$ 47,493	$ 6,010,026
Consulting	131,991	635,582	-	-	845,365	798,676	2,411,614
Geochemistry	32,953	-	-	-	-	12,858	45,811
Drilling	29,270	944	-	-	160,193	905	191,312
Other costs	121,556	61,468	-	-	23,584	12,397	219,005
Assets disposal	-	-	-	(116,912)	-	-	(116,912)
Cost recovery	(245,243)	-	-	-	-	-	(245,243)
Impairment	-	-	(603,735)	-	-	-	(603,735)
Balance, June 30, 2026	$ 4,084,121	$ 1,515,756	$ -	$ -	$ 1,439,672	$ 872,329	$ 7,911,878
Consulting	11,261	98,682	-	-	904,156	31,239	1,045,338
Geochemistry	-	-	-	-	65,576	7,031	72,607
Drilling	-	2,704	-	-	494,672	-	497,376
Other costs	21,405	2,418	-	-	64,305	12,507	100,635
Balance, September 30, 2026	4,116,787	1,619,560	-	-	2,968,381	923,106	9,627,834
Balance, June 30, 2026	$ 5,805,326	$ 6,382,382	$ -	$ -	$ 1,892,385	$ 1,033,320	$ 15,113,413
Balance, September 30, 2026	**$ 5,837,992**	**$ 6,486,186**	**$ -**	**$ -**	**$ 3,421,094**	**$ 1,084,097**	**$ 16,829,369**

a) Tomtebo Property

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

On June 30, 2020, the Company completed its acquisition of 100% ownership of the Tomtebo (the "Tomtebo Property") from Viad Royalties AB ("Viad"), a wholly owned subsidiary of Elemental Royalty Corp. (formerly EMX Royalty Corp., "Elemental"). The Company completed all requirements to retain the Tomtebo property from Viad in fiscal 2021, except for certain payments due upon a mineral resource estimate and/or preliminary economic assessment. Elemental retains a 2.5% net smelter royalty ("NSR") on the Tomtebo Property. During the year ended June 30, 2026, District paid Viad an advance royalty of $55,000 pursuant to the purchase agreement (2025 - $45,000, recovered from Boliden).

On October 27, 2023, the Company entered into a mineral property earn-in and option agreement (the "Earn-In Agreement") with Boliden Mineral AB ("Boliden") pursuant to which the Company, through its wholly-owned subsidiary District Metals AB, granted Boliden a right and option to acquire an 85% interest in the mineral claims comprising the Company's Tomtebo Property (the "Option"). On August 25, 2025, the Company received notice from Boliden of its decision to terminate the Option Agreement on the Tomtebo and Stollberg properties.

The Company concluded activities under the Earn-In Agreement with Boliden during the year ended June 30, 2026 and collected the final receivable balance of $7,038 subsequent to September 30, 2026.

The Company acted as the operator during the Option stage and as consideration earned a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the three months ended September 30, 2026, the Company earned an operator fee of $Nil (2025 - $20,067).

b) Viken Property

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

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

- $50,000 cash paid to the vendor on closing (paid).
- $50,000 cash payable to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (paid).
- 1,000,000 District Metals shares issued to the vendor on closing (issued January 15, 2024 with a fair value of $250,000).
- 3,500,000 District Metals shares to be issued to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (issued January 22, 2026 with a fair value of $4,165,000). These District Metals shares are subject to a voluntary lock-up pursuant to which 1,000,000 shares will be released four months after issuance, 500,000 shares will be released six months after issuance, 1,000,000 shares will be released twelve months after issuance and 1,000,000 shares will be released 18 months after issuance.
- A 2% NSR royalty granted to the vendor on closing that can be repurchased (i) in its entirety at any time for a value of $8,000,000 or (ii) in respect of the first 1% for $2,000,000 (the "Viken NSR").

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

c) Gruvberget Property

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

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

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

d) Bakar Property

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

On June 3, 2025, the Company entered into a definitive agreement to sell its remaining 24.48% interest in the Bakar Property to Sherpa II for 1,500,000 common shares. On November 6, 2025 the Company completed the sale of its remaining interest in the Bakar Property to Sherpa II and received 1,500,000 common shares of Sherpa II. During the year ended June 30, 2026, the Company recognized a gain on sale of the Bakar Property of $106,037.

e) Alum Shale Properties

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

f) Other Properties

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

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

At September 30, 2026, the Company held $23,707 (June 30, 2026 - $24,459) on deposit for reclamation deposits in Sweden for the Tomtebo, Viken and Gruvberget properties. At September 30, 2026, the Company had $Nil (June 30, 2026 - $460,435) on deposit with contractors.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		September 30, 2026		June 30, 2026
Trade payables	$	156,753	$	360,444
Accrued liabilities		153,829		456,520
	$	**310,582**	**$**	**816,964**

8. RECEIVABLE FROM BOLIDEN

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

		September 30, 2026		June 30, 2026
Advance balance, beginning	$	(7,262)	$	221,343
Funds received		-		234,240
Invoices issued or to be issued to Boliden		-		(519,993)
Credit issued to Boliden		-		17,176
Impact of change in exchange rates		224		39,972
(Receivable) advance balance, ending	**$**	**(7,038)**	**$**	**(7,262)**

9. SHARE CAPITAL

(a) Authorized share capital

Unlimited number of common shares without par value.

(b) Issued share capital

Three months ended September 30, 2026

During the three months ended September 30, 2026, 50,000 stock options were exercised at an exercise price of $0.25 for gross proceeds of $12,500. The Company issued 50,000 shares pursuant to the option exercise and reclassified $10,251 from reserves to share capital.

During the three months ended September 30, 2026, the Company recorded share issuance costs of $4,055.

Three months ended September 30, 2025

During the three months ended September 30, 2025, 2,815,000 share purchase warrants were exercised at an exercise price of $0.30 for gross proceeds of $844,500.

During the three months ended September 30, 2025, 40,512 compensation options were exercised at an exercise price of $0.15 for aggregate gross proceeds of $6,076. Accordingly, the Company reclassified $6,036 from reserves to share capital.

During the three months ended September 30, 2025, 150,000 stock options at an exercise price of $0.21 were exercised for aggregate gross proceeds of $31,500. The Company issued 150,000 shares pursuant to the option exercise and reclassified $25,816 from reserves to share capital.

During the three months ended September 30, 2025, the Company recorded share issuance costs of $2,055.

10. WARRANTS AND COMPENSATION OPTIONS

(a) Warrants

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

	September 30, 2026		June 30, 2026	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of period	**6,045,500**	**$ 0.30**	**12,652,500**	**$ 0.28**
Exercised	-	-	(6,507,000)	0.26
Expired	-	-	(100,000)	0.20
Outstanding, end of period	**6,045,500**	**$ 0.30**	**6,045,500**	**$ 0.30**

At September 30, 2026, the Company had outstanding warrants exercisable to acquire common shares of the Company as follows:

Expiry date	Number outstanding and exercisable	Exercise price	Weighted average remaining contractual life (in years)
February 1, 2027	6,045,500	$ 0.30	0.34
	6,045,500	**$ 0.30**	**0.34**

(b) Compensation options

A continuity schedule of the Company's outstanding compensation options as at September 30, 2026 is as follows:

	September 30, 2026		June 30, 2026	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of period	**-**	**$ -**	**66,218**	**$ 0.15**
Exercised	-	-	(62,281)	0.15
Expired	-	-	(3,937)	0.15
Outstanding, end of period	**-**	**$ -**	**-**	**$ -**

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

11. EQUITY INCENTIVE PLANS

The Company adopted an Omnibus Incentive Plan on November 4, 2024 (the "Plan"), re-approved by shareholders at the Company's annual general meeting on December 10, 2025. Under the Plan, the Company may grant its directors, officers, employees and consultants stock options, restricted share units, and deferred share units, up to 10% of its outstanding shares. Vesting terms and conditions of securities issued under the Plan are determined by the Board of Directors.

(a) Stock options

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

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

	September 30, 2026		June 30, 2026	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of period	14,062,500	$ 0.47	13,365,000	$ 0.38
Granted	-	-	3,120,000	0.80
Exercised	(50,000)	0.25	(2,422,500)	0.41
Expired	-	-	-	-
Outstanding, end of period	14,012,500	$ 0.47	14,062,500	$ 0.47

During the three months ended September 30, 2026, the Company recognized an expense in respect of stock options of $275,928 in the statement of loss and comprehensive loss (2025 - $Nil).

At September 30, 2026, the Company had outstanding stock options to acquire common shares of the Company as follows, of which 10,892,500 were exercisable. The 3,120,000 stock options granted during the year ended June 30, 2026 vest in three equal annual tranches.

Expiry date	Number outstanding	Weighted average Exercise price	Weighted average remaining contractual life (in years)
October 7, 2026	1,910,000	$ 0.25	0.02
March 6, 2028	2,160,000	$ 0.20	1.43
December 5, 2028	250,000	$ 0.175	2.18
February 1, 2029	3,042,500	$ 0.28	2.34
February 13, 2029	300,000	$ 0.30	2.38
May 9, 2029	50,000	$ 0.42	2.61
June 27, 2030	3,180,000	$ 0.69	3.74
January 19, 2031	300,000	$ 1.24	4.31
June 5, 2031	2,820,000	$ 0.75	4.68
	14,012,500	**$ 0.47**	**2.72**

(b) Restricted share units

The Company grants restricted share units ("RSUs") in accordance with the Plan. These RSUs are classified as equity-settled, net of withholding taxes, as the Company expects that these awards will be settled by issuing shares and are valued at the market price of the Company shares on the date of grant.
A continuity schedule of the Company's outstanding RSUs is as follows:

	September 30, 2026		June 30, 2026	
	Number outstanding	Market Value at grant date	Number outstanding	Market Value at grant date
Outstanding, beginning of period	**1,491,667**	**$ 0.68**	**925,000**	**$ 0.69**
Issued	-	-	875,000	0.67
Vested	-	-	(308,333)	0.69
Outstanding, end of period	**1,491,667**	**$ 0.68**	**1,491,667**	**$ 0.68**

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

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

During the three months ended September 30, 2026, the Company recognized an expense in respect of RSUs in the statement of loss and comprehensive loss of $192,501 (2025 - $98,296).

(c) Deferred share units

Directors of the Company are eligible for deferred share units ("DSUs") in accordance with the Plan, and are redeemed upon a director ceasing to be a director of the Company. These DSUs are classified as equity-settled, net of withholding taxes, as the Company expects that these awards will be settled by issuing shares and are valued at the market price of the Company shares on the date of grant.

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

	September 30, 2026		June 30, 2026	
	Number outstanding	Market Value at grant date	Number outstanding	Market Value at grant date
Outstanding, beginning of period	**1,275,000**	**$ 0.69**	**675,000**	**$ 0.69**
Issued	-	-	600,000	0.70
Outstanding, end of period	**1,275,000**	**$ 0.69**	**1,275,000**	**$ 0.69**

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

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

During the three months ended September 30, 2026, the Company recognized an expense in respect of DSUs in the statement of loss and comprehensive loss of $138,460 (2025 - $71,729).

12. MANAGEMENT OF CAPITAL

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

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

The Company is not subject to any externally imposed capital requirements. The Company did not change its capital management approach during the three months ended September 30, 2026.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements.

13. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

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

	September 30, 2026	June 30, 2026
Financial assets:		
Amortized cost		
Cash and cash equivalents	$ 13,909,370	$ 16,187,420
Receivable from Boliden	7,038	7,262
Fair value through profit and loss		
Investment	162,500	437,500
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 310,582	$ 816,964

Accounts payable and accrued liabilities as at September 30, 2026 includes amounts due to related parties (Note 15).

b) Fair value information

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

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

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

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

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

Investments in marketable securities are measured at fair value using Level 1 inputs. At September 30, 2026 and June 30, 2026, the Company had no financial assets measured and recognized on the condensed consolidated interim statements of financial position at fair value belonging in Level 2 or Level 3 of the fair value hierarchy.

c) Management of financial risks

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At September 30, 2026 and June 30, 2026, 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 September 30, 2026 and June 30, 2026, 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 September 30, 2026, the Company had cash and cash equivalents of $13,909,370 (June 30, 2026 - $16,187,420) and accounts payable and accrued liabilities of $310,582 (June 30, 2026 - $816,964) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at September 30, 2026. The Company assessed its liquidity risk as low as at September 30, 2026 and June 30, 2026.

Interest rate risk

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

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at September 30, 2026 and June 30, 2026.

Foreign currency risk

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

As at September 30, 2026 and June 30, 2026, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in Euros, Swedish krona ("SEK") and Australian dollar (''AUD''):

September 30, 2026

	Euros	SEK	AUD
Cash and cash equivalents	2,099	9,774,023	-
VAT receivable	-	1,064,537	-
Prepaid expenses	-	32,423	-
Receivable from Boliden	-	49,601	-
Accounts payable and accrued liabilities	(3,442)	(1,268,424)	-
Net	(1,343)	9,652,160	-
Canadian dollar equivalent	$ (2,179)	$ 1,369,641	$ -

June 30, 2026

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

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

	September 30, 2026	June 30, 2026
Canadian dollar/Euro	$ 218	$ 3,597
Canadian dollar/SEK	136,964	240,406
Canadian dollar/AUD	-	362

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

14. SEGMENTED INFORMATION

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

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

As at September 30, 2026	Sweden	Canada	Total
Advances and deposits	$ 23,707	$ -	$ 23,707
Exploration and evaluation assets	16,829,369	-	16,829,369
	$ 16,853,076	$ -	$ 16,853,076

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

15. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, directly or indirectly, including all directors of the entity. The Company's related parties consist of its key management personnel and close family members of its key management personnel, including its directors and officers. During the normal course of business, the Company enters into transactions with its related parties that are considered to be arm's length transactions.

(a) Key management compensation for the three months ended September 30, 2026 and 2025 were as follows:

	For the three months ended	
	September 30, 2026	September 30, 2025
Salary	$ 77,499	$ 63,750
Consulting	69,000	64,500
Director's fees	27,000	9,000
Share-based compensation	433,586	170,025
Total	$ 607,085	$ 307,275

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

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

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

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

(c) The Company incurred a total salary of $77,499 to the CEO during the three months ended September 30, 2026 (2025 - $63,750). The Company had $Nil due to the CEO in relation to reimbursable expenses at September 30, 2026 (June 30, 2026 - $2,490).

(d) During the three months ended September 30, 2026, the Company paid consulting fees of $37,500 (2025 - $30,000) for services provided by the CFO. The Company had $Nil due to the CFO in relation to reimbursable expenses at September 30, 2026 (June 30, 2026 - $1,500).

(e) During the three months ended September 30, 2026 and 2025, the Company incurred stock-based compensation expense of $433,586 and $170,025, respectively, related to stock options, RSUs and DSUs granted to officers and directors of the Company.

(f) During the three months ended September 30, 2026 and 2025, the Company paid director's fees of $27,000 and $9,000, respectively, to directors of the Company, recorded in consulting fees.

(g) During the three months ended September 30, 2026 and 2025, the Company paid consulting fees of $31,500 and $28,500, respectively, to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. During the three months ended September 30, 2026 and 2025, the Company also paid consulting fees of $Nil and $6,000, respectively, for services provided directly to District Metals AB, recovered pursuant to the Earn-In Agreement. The Company had $19,244 due to the company controlled by a close family member of the CFO at September 30, 2026 (June 30, 2026 - $Nil), of which $8,394 relates to reimbursable expenses.

16. SUBSEQUENT EVENTS

Subsequent to September 30, 2026, 1,910,000 stock options with an exercise price of $0.25 and an expiry date of October 7, 2026 were exercised, as follows:

- 260,000 stock options were exercised for gross proceeds of $65,000, resulting in the issuance of 260,000 common shares; and
- 1,650,000 stock options held by directors and officers of the Company were exercised on a cashless basis, resulting in the issuance of 729,406 common shares.

Subsequent to September 30, 2026, the Company collected the receivable from Boliden of $7,038.

Management Discussion and Analysis
For the Three Months Ended September 30, 2026 and 2025

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 months ended September 30, 2026. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended September 30, 2026 and 2025, 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 years ended June 30, 2026 and 2025. 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 15. 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 November 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 company focused on its flagship Viken Property in Sweden. The Viken deposit is a polymetallic alum shale resource contained within the Cambrian Viken 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 believes that it has adequate resources to fund its planned exploration, evaluation and general corporate expenditures for at least twelve months from the reporting date. The Company's ability to continue its operations in the longer term is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. The Company's ability to raise additional funds is affected by numerous factors outside the Company's control, including in particular, the global economy and uranium mining regulation in Sweden, including specifically whether mining of alum shale will be subject to additional regulation. The global economy is currently characterized by increased volatility arising in part from international trade disputes, including tariffs, constrained GDP growth and geo-political risk in Europe and the Middle East.

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 three months ended September 30, 2026 and the year ended June 30, 2026 are as follows:

	Tomtebo Property	Viken Property	Gruvberget Property	Bakar Property	Alum Shale Properties	Other Properties	Total
Acquisition Costs							
Balance, June 30, 2025	$ 1,721,205	$ 609,875	$ 302,450	$ 32,051	$ 193,074	$ 40,451	$ 2,899,106
Additions	-	4,256,751	-	-	259,639	120,540	4,636,930
Disposals	-	-	-	(32,051)	-	-	(32,051)
Impairment	-	-	(302,450)	-	-	-	(302,450)
Balance, June 30, 2026	$ 1,721,205	$ 4,866,626	$ -	$ -	$ 452,713	$ 160,991	$ 7,201,535
Balance, September 30, 2026	$ 1,721,205	$ 4,866,626	$ -	$ -	$ 452,713	$ 160,991	$ 7,201,535
Deferred Exploration Costs							
Balance, June 30, 2025	$ 4,013,594	$ 817,762	$ 603,735	$ 116,912	$ 410,530	$ 47,493	$ 6,010,026
Consulting	131,991	635,582	-	-	845,365	798,676	2,411,614
Geochemistry	32,953	-	-	-	-	12,858	45,811
Drilling	29,270	944	-	-	160,193	905	191,312
Other costs	121,556	61,468	-	-	23,584	12,397	219,005
Assets disposal	-	-	-	(116,912)	-	-	(116,912)
Cost recovery	(245,243)	-	-	-	-	-	(245,243)
Impairment	-	-	(603,735)	-	-	-	(603,735)
Balance, June 30, 2026	$ 4,084,121	$ 1,515,756	$ -	$ -	$ 1,439,672	$ 872,329	$ 7,911,878
Consulting	11,261	98,682	-	-	904,156	31,239	1,045,338
Geochemistry	-	-	-	-	65,576	7,031	72,607
Drilling	-	2,704	-	-	494,672	-	497,376
Other costs	21,405	2,418	-	-	64,305	12,507	100,635
Balance, September 30, 2026	4,116,787	1,619,560	-	-	2,968,381	923,106	9,627,834
Balance, June 30, 2026	$ 5,805,326	$ 6,382,382	$ -	$ -	$ 1,892,385	$ 1,033,320	$ 15,113,413
Balance, September 30, 2026	**$ 5,837,992**	**$ 6,486,186**	**$ -**	**$ -**	**$ 3,421,094**	**$ 1,084,097**	**$ 16,829,369**

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”).

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 year ended June 30, 2026. A final reconciliation between the Company and Boliden resulted in a final receivable balance of $7,262 as of June 30, 2026 ($7,038 at September 30, 2026, reflecting changes in foreign exchange rates), which was collected subsequent to September 30, 2026.

The Company acted as the operator during the Option stage and as consideration earned a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the three months ended September 30, 2026, the Company earned an operator fee of $Nil (2025 - $20,067).

Viken Property, Sweden

From April 2023 to January 2024, Bergslagen Metals AB consolidated 100% of the Viken 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 alum shale resource contained within the Cambrian Viken 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).
- 1,000,000 District Metals shares issued to the vendor on closing (issued January 15, 2024 with a fair value of $250,000).
- 3,500,000 District Metals shares to be issued to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted (issued January 22, 2026 with a fair value of $4,165,000). These District Metals shares are subject to a voluntary lock-up pursuant to which 1,000,000 shares will be released four months after issuance, 500,000 shares will be released six months after issuance, 1,000,000 shares will be released twelve months after issuance and 1,000,000 shares will be released 18 months after issuance.
- A 2% NSR royalty granted to the vendor on closing that can be repurchased 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 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 May 19, 2026, District announced positive results on a joint initiative with Xoma AB (”Xoma”), a Swedish water treatment company, focused on advancing effective solutions for the purification of water impacted by metal leaching from mineralized alum shale. Preliminary testing evaluated a stepwise microalgae-based purification process using water mixed with mineralized alum shale (leachate) recovered from the Viken Property designed to replicate conditions associated with natural alum shale weathering. Under certain environmental conditions alum shale has potential to mobilize metals into water. The results confirm that microalgae-based treatment offers a controllable and scalable method for reducing metal concentrations in water. While single-dose treatments delivered strong performance, the enhanced results from double dosing suggest the process is capacity-driven, providing valuable insights for optimization and future design. District and Xoma have agreed to conduct additional testing as the Viken Property is developed.

On July 17, 2026, the Company filed a technical report titled “Preliminary Economic Assessment on the Viken Energy Metals Project, Jämtland County, Sweden” dated July 17, 2026, with an effective date of June 26, 2026 (the “Viken Report”). The Viken Report details a preliminary economic assessment (“PEA”) with the following highlights:

After-Tax Net Present Value (NPV_8)	US$2.88 billion
Initial Capital Costs (CAPEX)	US$876 million
Internal Rate of Return (IRR)	45.9%
Average Annual After-Tax Free Cash Flow (Life of Mine)[1]	US$531 million
Payback Period	2.1 years
Uranium Average Annual Production	3.3 million lbs U_3O_8
Vanadium Average Annual Production	16 million lbs V_2O_5
Vanadium Electrolyte (V Electrolyte) Average Annual Production	37 million L V Electrolyte
Ferrovanadium (FeV) Average Annual Production	6 million kg FeV
Sulphate of Potash (SOP) Average Annual Production	250,000 t SOP
Life of Mine (LOM) Production	13 years
Average Unit Operating Cost of U_3O_8 (net of by-product credits)	(-) US$121/lb U_3O_8
Uranium Price Assumption	US$85/lb U_3O_8
Vanadium Price Assumption (35% vanadium electrolyte at $9/L, 65% FeV at $38/kg)	US$15.7/lb V_2O_5
SOP Price Assumption	US$650/t SOP
State Mineral Fee Paid to Landowners (0.15% for LOM)	US$22 million
State Mineral Fee Paid to Sweden (0.05% for LOM)	US$7 million
Corporate Taxes Paid to Sweden (20.6% for LOM)	US$1.6 billion

The PEA outlines total life of mine production of 127 million tonnes sourced from within the Viken Property mineral resource estimate, with the mine plan (process plant feed) including approximately 77% of the indicated mineral resources and 23% of the inferred mineral resources. The PEA is preliminary in nature, and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied that would enable them to be classified as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

The Viken Property mineral resource estimate (“MRE”) for uranium oxide, vanadium oxide, potassium oxide, molybdenum, nickel and zinc is summarized below and was prepared in accordance with NI 43-101. The MRE has effective date of June 26, 2026. Additional elements reported (but not contributing to the net smelter return value) are copper, phosphorous pentoxide, cesium oxide, yttrium oxide, and lanthanum oxide. Many of these mineral resource elements are listed by the European Union (“EU”) as Critical Raw Materials. The MRE 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.

[1] See “*Cautionary Note Regarding Non-GAAP Financial Measures*” below.

Pit-Constrained Mineral Resource Estimate for the Viken Deposit [1-7]

	Tonnes M	U_3O_8 ppm	V_2O_5 ppm	Mo ppm	Ni ppm	Cu ppm	Zn ppm	P_2O_5 ppm	Ce_2O_3 ppm	Y_2O_3 ppm	La_2O_3 ppm	K_2O %
Indicated	456	175	2,836	257	330	113	411	2,461	88	492	7	3.84
		Mlb						Mt				
	Contained Metal	176	2,851	258	332	114	413	1.12	0.04	0.22	0.00	17.53
	Tonnes M	U_3O_8 ppm	V_2O_5 ppm	Mo ppm	Ni ppm	Cu ppm	Zn ppm	P_2O_5 ppm	Ce_2O_3 ppm	Y_2O_3 ppm	La_2O_3 ppm	K_2O %
Inferred	4,333	161	2,543	240	321	118	417	2,541	88	528	7	3.70
		Mlb						Mt				
	Contained Metal	1,538	24,295	2,293	3,067	1,127	3,984	11.01	0.38	2.29	0.03	160.27

Notes:

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

(2) The inferred mineral resource in this MRE has a lower level of confidence than that applied to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of the inferred mineral resource could be upgraded to an indicated mineral resource with continued exploration.

(3) The mineral resource in this MRE was estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions (2014) and Best Practices Guidelines (2019) prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

(4) The MRE was based on March 2025 approximate consensus economics forecast US$ metal prices of $72/lb U_3O_8, $5/lb V_2O_5, $17/lb Mo, $8.50/lb Ni, $4.25/lb Cu and $1.30/lb Zn with respective process recoveries of 80%, 80%, 70%, 70%, 50% and 75%.

(5) Overburden, waste and mineralized US$ mining costs per tonne mined were respectively $2.00, $2.50 and $3.00.

(6) Processing and G&A US$ costs per tonne processed were respectively $20 and $2.

(7) Constraining pit shell slopes were 45 degrees.

Please see the Viken Report available under the Company's SEDAR+ profile at www.sedarplus.ca.

On July 22, 2026, the Company announced results of an independent Economic Impact Study for the Viken deposit. Based on the Phase 1 development scenario evaluated in the PEA, the study estimated a total economic contribution of approximately US$7.66 billion (SEK 74.3 billion) over the projected 13-year operating life, including approximately US$1.58 billion in corporate income taxes, support for approximately 1,065 direct and indirect jobs, and significant benefits to local communities and the Swedish economy.

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.

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

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

Alum Shale Properties

The Alum Shale Properties comprise a 100% interest in certain mineral licences for Tåsjö, Malgomaj, Österkälen, Hallviken and Forsåsen covering 128,150 ha and located in the Jämtland and Västerbottens Counties, north-central Sweden.

On September 9, 2026, the Company announced that it had completed a total of 1,943 m of drilling, of which 787 m was completed at the Österkälen mineral license in seven drill holes and 1,156 m completed at the Malgomaj mineral licenses in eight drill holes. The drill program targeted prominent conductive anomalies identified by the Company's 2025 helicopter-borne MobileMT survey, which has demonstrated its effectiveness in mapping graphitic Alum Shale at the Company's Viken Property. The MobileMT anomalies targeted by drilling also coincided with soil geochemical anomalies, providing additional support for the presence of mineralized Alum Shale horizons.

During the three months ended September 30, 2026, the Company incurred exploration expenditures of $1,528,709 on the Alum Shale Properties, primarily related to the completion of the airborne geophysical survey and the drill program at the Österkälen and Malgomaj mineral licenses.

The Company believes that its Alum Shale Properties are prospective for uranium.

Other Properties

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

- Ardnasvarre, covering 5,963 ha located in Norrbotten County, northern Sweden;
- Sågtjärn, covering 4,282 ha located in the Jämtland and Västernorrland Counties in central Sweden; and
- Nianfors, covering 3,134 ha located in the Gävleborg County in central Sweden.

The Company believes that its Other Properties are prospective for uranium.

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. This vote did not repeal the municipal veto on uranium processing.

On February 4 and 5, 2026, through the media, the Swedish Government proposed an investigation into mining of alum shales that could result in a new municipal veto on alum shale mining in Sweden and lifting the current municipal veto for uranium processing. As announced, the scope of the inquiry includes consideration of a new municipal veto for alum shale extraction, 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 for uranium, including alum shale.

In the meantime, the Company continues to advance its exploration plans across its portfolio of uranium properties in Sweden as announced on January 13, 2026.

On June 15, 2026, the Swedish Parliament approved the legislation that streamlines the permitting framework for the extraction and processing of nuclear materials, including uranium.

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 September 30, 2026

The Company incurred a loss and comprehensive loss of $1,291,501 during the three months ended September 30, 2026 as compared to the net loss and comprehensive loss of $362,990 for the three months ended September 30, 2025, an increase in loss of $928,511.

The increase in loss and comprehensive loss was primarily driven by increases in:

- Stock-based compensation of $436,864, due to the vesting of stock options, RSUs and DSUs granted during the year ended June 30, 2026, with no comparable grants vesting in the prior year period other than the RSUs and DSUs granted in June 2025;

- A fair value loss on investment of $275,000, compared to a gain of $50,000 in the prior year period, driven by a decrease in the Sherpa II share price to $0.065 at September 30, 2026 from $0.175 at June 30, 2026;
- A foreign exchange loss of $58,074, compared to a gain of $11,854 in the prior year period, driven by fluctuations in the Swedish Krona relative to the Canadian dollar on the Company's SEK-denominated balances;
- Salaries and consulting fees of $61,005, largely driven by the Board-approved increases in base salaries and fees for key management personnel and directors effective July 1, 2026 pursuant to the Compensation Report; and
- A decrease in other income of $20,067, as the Company no longer earns an operator fee following the conclusion of the Earn-In Agreement with Boliden.

The increase in loss was partially offset by:

- An increase in interest and dividend income of $37,275, due to a larger balance of cash invested in interest-earning guaranteed investment certificates following the May 2026 Financing; and
- A decrease in professional fees of $15,773, driven by lower audit and tax fees recognized during the current 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
Q1/27	September 30, 2026	$ -	$ (1,061,051)	$ (1,291,501)	$ (0.01)
Q4/26	June 30, 2026	$ -	$ (1,301,408)	$ (2,297,180)	$ (0.01)
Q3/26	March 31, 2026	$ -	$ (784,880)	$ (796,590)	$ (0.00)
Q2/26	December 31, 2025	$ -	$ (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)

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

- The Company's Q1 2027 loss was influenced by stock-based compensation expense of $606,889 and an unrealized loss on investment in marketable securities of $275,000. When normalized for these amounts, the net loss was $409,612.
- The Company's Q4 2026 loss was influenced by the write-down of Gruvberget of $906,185, salaries and consulting fees of $657,525 as well as stock-based compensation expense of $347,665. When normalized for these amounts, the net loss was $385,805.
- The Company's Q3 2026 loss was influenced by stock-based compensation expense of $203,387. When normalized for this amount, the net loss was $593,203.
- 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.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently is not generating any revenues and incurred a loss during the three months ended September 30, 2026 of $1,291,501 (2025 - $362,990). The Company had cash and cash equivalents at September 30, 2026 of $13,909,370 (June 30, 2026 - $16,187,420) and its current assets exceeded its current liabilities by $14,231,852 (June 30, 2026 - $16,162,788), and management believes that it has adequate resources to fund its planned exploration, evaluation and general corporate expenditures for at least twelve months from the reporting date. Accordingly, the Company's condensed consolidated interim financial statements for the three months ended September 30, 2026 have been prepared on a going concern basis.

At September 30, 2026 and June 30, 2026, all cash and cash equivalents were available for general use. The Company had sufficient cash to meet its current liabilities as at September 30, 2026. The Company assessed its liquidity risk as low as at September 30, 2026 and June 30, 2026.

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

During the three months ended September 30, 2026, 50,000 stock options were exercised at an exercise price of $0.25 for gross proceeds of $12,500.

Subsequent to September 30, 2026, 1,910,000 stock options with an exercise price of $0.25 and an expiry date of October 7, 2026 were exercised. Of these, 260,000 stock options were exercised for gross proceeds of $65,000, and 1,650,000 stock options held by directors and officers were exercised on a cashless basis, resulting in the issuance of 729,406 common shares. During the three months ended September 30, 2026, the Company paid $104,833 in withholding taxes on behalf of officers in connection with the settlement of RSUs that vested on June 27, 2026.

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 "May 2025 Financing"). The Company paid a finder's fee of $300,000 in connection with the May 2025 Financing and incurred other share issuance costs of $117,145.

The tables below summarize the expected use of proceeds and the actual use of proceeds from the May 2025 Financing and the May 2026 Financing:

May 2025 Financing	**Expected Use of Proceeds**	**Actual Use of Proceeds to Date**	**Variance**
Airborne geophysical surveys at Viken Property [(1)]	$825,000	$487,700	$337,300
Airborne geophysical surveys at Alum Shale Properties [(2)]	$2,400,000	$2,400,000	$Nil
Complete NI 43-101 technical report in progress at Viken Property [(2)]	$70,000	$66,700	$3,300
Complete the ongoing drilling program at the Tomtebo Property [(3)]	$890,000	$675,500	$214,500
Complete the planned drilling program at the Stollberg property [(3)]	$1,460,000	$Nil	$1,460,000
General corporate purposes [(1)]	$1,860,000	$1,860,000	$Nil
Total	**$7,505,000**	**$5,489,900**	**$2,015,100**

Notes:

(1) The difference between the funds raised and the amount spent primarily reflects the timing of the financing, which was completed late in the fourth quarter of 2025, as well as the phased nature of exploration activities and related expenditures. The remaining proceeds continue to be allocated toward ongoing exploration programs and general working capital requirements.

(2) This program was completed, and the use of proceeds was largely consistent with management's expectation.

(3) This drilling program was cancelled following Boliden's termination of the Option Agreement. Boliden retained 100% interest in the Stollberg Property and the Company retained 100% interest in the Tomtebo Property.

May 2026 Financing	Expected Use of Proceeds	Actual Use of Proceeds to Date	Variance [1]
Complete NI 43-101 technical report in progress at Viken Property	$325,000	$325,000	$Nil
Complete economic impact study at Viken Property	$125,000	$125,000	$Nil
Drilling of geophysical targets at the Viken Property and alum shale properties	$2,100,000	$659,418	$1,440,582
Airborne geophysical surveys at alum shale properties	$335,000	$335,000	$Nil
Follow-up fieldwork programs at Ardnasvarre, Sågtjärn, and Nianfors properties	$400,000	$61,039	$338,961
Mineral license renewals and permitting	$705,000	$282,638	$422,362
Community relations	$385,000	$127,905	$257,095
General corporate purposes	$2,550,000	$854,000	$1,696,000
Unallocated working capital	$10,556,003	$Nil	$10,556,003
Total	**$17,481,003**	**$2,770,000**	**$14,711,003**

Notes:

(1) The difference between the funds raised and the amount spent primarily reflects the timing of the financing, which was completed late in the fourth quarter of 2026, as well as the phased nature of exploration activities and related expenditures. The remaining proceeds continue to be allocated toward ongoing exploration programs and general working capital requirements.

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 at least twelve months from the reporting date.

Cash flows

Cash used in operating activities for the three months ended September 30, 2026 was $834,262 compared to $627,622 used in operating activities for the three months ended September 30, 2025, including $104,833 for withholding taxes paid on the settlement of RSUs.

During the three months ended September 30, 2026, the Company invested $1,452,233 in exploration and evaluation assets, net of deposits applied, compared with $755,097 during the three months ended September 30, 2025.

During the three months ended September 30, 2026, the Company generated $8,445 in financing activities, with proceeds from the exercise of stock options, partially offset by share issuance costs. During the three months ended September 30, 2025, the Company generated $880,021 from the exercise of warrants, stock options and compensation options, partially offset by share issuance costs.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, directly or indirectly, including all directors of the entity. The Company's related parties consist of its key management personnel and close family members of its key management personnel, including its directors and officers. Key management compensation for the three months ended September 30, 2026 and 2025 were as follows:

	For the three months ended	
	September 30, 2026	September 30, 2025
Salary	$ 77,499	$ 63,750
Consulting	69,000	64,500
Director's fees	27,000	9,000
Share-based compensation	433,586	170,025
Total	$ 607,085	$ 307,275

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.

During the year ended June 30, 2026, the Company engaged a compensation consultant to conduct an independent compensation review, which resulted in Board-approved salary increases for the Company's key management personnel and directors (the "Compensation Report").

Pursuant to the Ainsworth Agreement and the Compensation Report, during the three months ended September 30, 2026, the Company incurred a total salary of $77,499 to the CEO (2025 - $63,750), reflecting an annual base salary of $310,000 effective July 1, 2026. The Company had $Nil due to the CEO in relation to reimbursable expenses at September 30, 2026 (June 30, 2026 - $2,490).

Pursuant to the Yassin Agreement and the Compensation Report, during the three months ended September 30, 2026, the Company paid consulting fees of $37,500 (2025 - $30,000) for services provided by the CFO, reflecting an annual consulting fee of $150,000 effective July 1, 2026. The Company had $Nil due to the CFO in relation to reimbursable expenses at September 30, 2026 (June 30, 2026 - $1,500).

During the three months ended September 30, 2026 and 2025, the Company incurred stock-based compensation expense of $433,586 and $170,025, respectively, related to stock options, RSUs and DSUs granted to officers and directors of the Company.

During the three months ended September 30, 2026 and 2025, the Company paid director's fees of $27,000 and $9,000, respectively, recorded in consulting fees, to directors of the Company, reflecting annual director's fees of $36,000 per director effective July 1, 2026.

During the three months ended September 30, 2026 and 2025, the Company paid consulting fees of $31,500 and $28,500, respectively, to a company controlled by a close family member of the CFO for administrative, accounting and corporate services. During the three months ended September 30, 2026 and 2025, the Company also paid consulting fees of $Nil and $6,000, respectively, for services provided directly to District Metals AB, recovered pursuant to the Earn-In Agreement. The Company had $19,244 due to the company controlled by a close family member of the CFO at September 30, 2026 (June 30, 2026 - $Nil), of which $8,394 relates to reimbursable expenses.

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 months ended September 30, 2026 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 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 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 options and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, expected life and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted. The Company adopted the amendments on July 1, 2026 and they did not have a material impact on its condensed consolidated interim financial statements.

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 three months ended September 30, 2026.

FINANCIAL INSTRUMENTS AND RELATED RISKS

Classifications

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

	September 30, 2026	June 30, 2026
Financial assets:		
Amortized cost		
Cash and cash equivalents	$ 13,909,370	$ 16,187,420
Receivable from Boliden	7,038	7,262
Fair value through profit and loss		
Investment	162,500	437,500
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 310,582	$ 816,964

Accounts payable and accrued liabilities include 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, receivable 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 September 30, 2026 and June 30, 2026, 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 September 30, 2026 and June 30, 2026, 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 September 30, 2026 and June 30, 2026, 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 September 30, 2026, the Company had cash and cash equivalents of $13,909,370 (June 30, 2026 - $16,187,420) and accounts payable and accrued liabilities of $310,582 (June 30, 2026 - $816,964) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at September 30, 2026. The Company assessed its liquidity risk as low as at September 30, 2026 and June 30, 2026.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at September 30, 2026 and June 30, 2026.

Foreign currency risk

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

As at September 30, 2026 and June 30, 2026, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in Euros, Swedish Krona (''SEK'') and Australian dollar (''AUD''):

September 30, 2026

	Euros	SEK	AUD
Cash and cash equivalents	2,099	9,774,023	-
VAT receivable	-	1,064,537	-
Prepaid expenses	-	32,423	-
Receivable from Boliden	-	49,601	-
Accounts payable and accrued liabilities	(3,442)	(1,268,424)	-
Net	(1,343)	9,652,160	-
Canadian dollar equivalent	$ (2,179)	$ 1,369,641	$ -

June 30, 2026

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

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

	September 30, 2026	June 30, 2026
Canadian dollar/Euro	$ 218	$ 3,597
Canadian dollar/SEK	136,964	240,406
Canadian dollar/AUD	-	362

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

OUTSTANDING SHARE CAPITAL DATA

At the date of this MD&A, the Company had 192,000,994 common shares issued and outstanding (June 30, 2026 – 190,961,588), 12,102,500 stock options outstanding, 6,045,500 warrants outstanding, 1,491,667 RSUs outstanding, and 1,275,000 DSUs outstanding.

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

TECHNICAL INFORMATION

All scientific and technical information in this MD&A has been prepared by, or approved by Garrett Ainsworth, P.Geo., President and CEO of the Company. Mr. Ainsworth is a 'qualified person' for the purposes of NI 43-101.

CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES

Alternative performance measures in this MD&A such as "free cash flow" are furnished to provide additional information. This non-GAAP performance measures is included in this MD&A because statistics such as these are used as key performance measures that management uses to monitor and assess performance of the Viken deposit, and to plan and assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a standard meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

Free Cash Flow

Free cash flows are revenues net of operating costs, royalties, capital expenditures and cash taxes. The Company believes that this measure is useful to the external users in assessing the Company's ability to generate cash flows from the Viken deposit.

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; the economic parameters of the PEA and the Viken deposit; potential of the Viken deposit; targets for further exploration; the cost and timing of any development of the Viken deposit; the proposed mine plan and mining methods; mining recoveries; processing method and rates; production rates; projected metallurgical recovery rates; infrastructure requirements; capital and operating cost estimates; the projected LOM and other expected attributes of the Viken Deposit; the NPV, IRR and payback period of capital; the uranium industry and uranium prices; government regulations and permitting; estimates of reclamation obligations and closure costs; requirements for additional capital; expectations with respect to project development and permitting, construction and operational processes; availability of services to be provided by third parties; future development methods and plans; and other activities, events or developments that are expected, anticipated or may occur in the future.

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; uranium exploration and mining regulation in Sweden; 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 calculated 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 cyber-security 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.