



## Management Discussion and Analysis For the Years Ended June 30, 2024 and 2023

This management's discussion and analysis ("MD&A") is provided to enable the reader to assess financial condition and results of operations of District Metals Corp. (the "Company" or "District Metals") for the year ended June 30, 2024. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended June 30, 2024 and 2023, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements but does not form part of the Company's consolidated financial statements.

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exploration programs, plans for additional exploration and the possibility that the moratorium on uranium mining may be rescinded are forward-looking information.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

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of October 24, 2024.

### BUSINESS OVERVIEW

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

The Company is a junior mineral exploration stage company in the business of acquiring, exploring, and evaluating natural resource properties, and either developing these properties further or disposing of them when the evaluation is complete. As at the date of this MD&A, the Company's primary properties are the Tomtebo property and the Gruvberget property, both located in the Bergslagen Mining District of south-central Sweden, an interest in the Bakar property located on North Vancouver Island in British Columbia, Canada, and its Additional Properties located in Sweden, as defined herein.

On April 12, 2023, the Company received the approval for a 2,302 hectare (ha) mineral license to explore for vanadium, nickel, molybdenum, zinc, and other elements, covering approximately 68% of the polymetallic Viken Deposit located in Jämtland County, central Sweden. On May 3, 2023, the Company's application to increase the area of the Viken property from 2,302 ha to 9,367 ha was approved.

In May 2023, the Company's applications for the Tåsjö nr 101 to 105 mineral licenses to explore for vanadium, nickel, molybdenum, zinc, and rare earth elements (REE) in the Jämtland and Västerbotten Counties, north-central Sweden were approved.

On June 30, 2023 and August 23, 2023, respectively, the Company was granted the Nianfors nr 1 and 2 mineral licenses to explore for copper, zinc, molybdenum, yttrium and other rare earth elements located in the Gävleborg County in central Sweden.

On October 30, 2023, the Company announced that it had entered into a mineral property earn-in and option agreement with Boliden Mineral AB ("Boliden") dated October 27, 2023 (the "Earn-In Agreement") pursuant to which the Company, through its wholly-owned subsidiary District Metals AB, granted Boliden a right and option to acquire an 85% interest in the mineral claims comprising the Company's Tomtebo property (the "Option"). The terms of the Option are described in further detail herein.

On January 15, 2024, the Company acquired the remaining four mineral licenses covering the Viken deposit located in Jämtland County, central Sweden. Pursuant to the definitive purchase agreement (the "Viken Extension Purchase Agreement"), the Company acquired the Norra Leden, Norr Viken, Lill Viken and Storviken mineral licenses from an arm's length vendor (the "Vendor").

On May 21, 2024, the Company announced that it had received approval from the Bergsstaten (Mining Inspectorate) for eight new mineral licenses in the Jämtland and Västerbotten Counties, central and north-central Sweden, including Viken nr 4, Tåsjö nr 106 to 108, Malgomaj nr 1001 to 1003, and Österkålen nr 101. These mineral license applications are to explore for vanadium, nickel, molybdenum, zinc, rare earth elements, and other elements.

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

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

A summary of the expenditures incurred on the Company's properties during the years ended June 30, 2024 and 2023 are as follows:

	Tomtebo Property	Svärdsjö Property	Gruvberget Property	Bakar Property	Other Properties	Total
<b>Acquisition Costs</b>						
Balance, June 30, 2022	\$ 1,620,706	\$ 402,500	\$ 260,000	\$ 32,051	\$ -	\$ 2,315,257
Additions	95,151	-	-	-	-	95,151
Balance, June 30, 2023	\$ 1,715,857	\$ 402,500	\$ 260,000	\$ 32,051	\$ -	\$ 2,410,408
Additions	100,499	8,334	42,450	-	550,749	702,032
Cost re-allocation	(95,151)	-	-	-	95,151	-
Impairment	-	(410,834)	-	-	-	(410,834)
<b>Balance, June 30, 2024</b>	<b>\$ 1,721,205</b>	<b>\$ -</b>	<b>\$ 302,450</b>	<b>\$ 32,051</b>	<b>\$ 645,900</b>	<b>\$ 2,701,606</b>
<b>Deferred Exploration Costs</b>						
Balance, June 30, 2022	\$ 4,102,094	\$ 40,031	\$ 454,376	\$ 4,326	\$ -	\$ 4,600,827
Consulting	54,762	2,413	65,435	90,821	5,055	218,486
Geochemistry	9,623	-	39,642	-	-	49,265
Geophysics	-	8,400	19,600	-	-	28,000
Other costs	34,409	-	18,484	-	538	53,431
Balance, June 30, 2023	\$ 4,200,888	\$ 50,844	\$ 597,537	\$ 95,147	\$ 5,593	\$ 4,950,009
Consulting	230,345	2,189	5,131	17,854	87,963	343,482
Geochemistry	5,577	-	-	-	6,363	11,940
Drilling	477,173	-	-	-	-	477,173
Other costs (recovery)	(50,265)	3,664	980	2,336	13,913	(29,372)
Cost recovery	(850,124)	(5,753)	-	-	-	(855,877)
Impairment	-	(50,944)	-	-	-	(50,944)
<b>Balance, June 30, 2024</b>	<b>\$ 4,013,594</b>	<b>\$ -</b>	<b>\$ 603,648</b>	<b>\$ 115,337</b>	<b>\$ 113,832</b>	<b>\$ 4,846,411</b>
Balance, June 30, 2023	\$ 5,916,745	\$ 453,344	\$ 857,537	\$ 127,198	\$ 5,593	\$ 7,360,417
<b>Balance, June 30, 2024</b>	<b>\$ 5,734,799</b>	<b>\$ -</b>	<b>\$ 906,098</b>	<b>\$ 147,388</b>	<b>\$ 759,732</b>	<b>\$ 7,548,017</b>

### Tomtebo Property, Sweden

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

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

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

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

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

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

The Company will act as operator during the Option stage and is entitled to a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the year ended June 30, 2024, the Company earned an operator fee of \$73,034 (2023 - \$Nil).

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

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

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

A drilling program commenced at the Tomtebo property in mid-February 2024, where a total of 2,196 m of drilling was completed in six holes. Assay results from this drill program were announced in July 2024.

#### **Svärdsjö Property, Sweden**

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

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

#### **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 subject to the Company's option to repurchase the entire 2.5% NSR royalty for \$8,000,000, at any time.

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

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

On December 18, 2020, the Company sold an 80% interest in the Bakar property to Sherpa II Holdings Corp. ("Sherpa II") pursuant to a sale agreement (the "Bakar Sale Agreement") and joint venture agreement (the "Joint Venture Agreement"). Sherpa II is an arms-length third party to District Metals.

Pursuant to the Bakar sale agreement, commencing December 18, 2020, a 2.0% NSR previously granted in a royalty agreement dated July 12, 2019 between the Company and Longford Capital Corp. on one of the eight mineral claims comprising the Bakar Property, covering 1,352 ha of the 15,687 ha Bakar Property. The 2.0% NSR may be repurchased entirely for \$6,500,000 cash.

In November 2022, the Company entered into Exploration Management Agreement (the “Agreement”) with Sherpa II effective August 31, 2021, pursuant to which the Company conducts the exploration at the Bakar property and is paid an exploration management fee of 10% of exploration expenditures incurred at the Bakar property. During the year ended June 30, 2023, the Company earned management fee income of \$45,721 from the Agreement, recorded in other income.

Effective January 1, 2023, pursuant to an amendment to the Joint Venture Agreement, District Metals agreed to fund 100% of the next phase of expenditures on the Bakar property to a maximum of \$330,000 and contribute its related exploration management fee of \$33,000 to earn back a pro-rata ownership in the property of up to 54% (the “Amended Agreement”). From the date of the Amended Agreement, District Metals has funded exploration expenditures of \$25,730 and earned management fee income of \$3,310. During the year ended June 30, 2024, the Company earned management fee income of \$2,573 (2023 - \$737).

## Other Properties

Bergslagen Metals AB, a wholly-owned subsidiary of District incorporated under the laws of Sweden, received approval on certain mineral licenses from the Bergsstaten (Mining Inspectorate) (collectively, the “Additional Properties”), including:

- Viken nr 1 to 4, located in Jämtland County, central Sweden and comprises 37,211 ha;
- Ardnasvarre nr 1 over a 9,708 ha area located in Norrbotten County, northern Sweden;
- Sågtjäm nr 101 and 102, covering 4,068 ha in Jämtland and Västernorrland Counties in central Sweden;
- Nianfors nr 1 and 2 mineral licenses, covering 2,603 ha located in the Gävleborg County in central Sweden.
- Alum Shale Properties, including Tåsjö nr 106 to 108, Malgomaj 1001 to 1003 and Österkålen nr 101, located in the Jämtland and Västerbottens Counties, north-central Sweden, covering an area of 79,251 ha.

On January 15, 2024, the Company completed the acquisition of the four mineral licenses covering the Viken deposit pursuant to 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.
- 1,000,000 District Metals shares issued to the Vendor on closing (issued January 15, 2024 with a fair value of \$250,000).
- 3,500,000 District Metals shares to be issued to the Vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted. These District Metals shares will be subject to a voluntary lock-up pursuant to which 500,000 shares will be released four months after issuance, 500,000 shares will be released six months after issuance, 1,000,000 shares will be released twelve months after issuance, 1,000,000 shares will be released 18 months after issuance and 500,000 shares will be released twenty-four months after issuance.
- A 2% NSR royalty granted to the Vendor on closing that can be repurchased in its entirety at any time for a value of \$8,000,000 and the first 1% NSR royalty may be purchased for \$2,000,000.

The Company believes that all of the Additional Properties are prospective for uranium. There is, however, currently a moratorium on uranium mining and exploration in Sweden that was imposed in 2018, which is being revisited by the Swedish authorities. Accordingly, the Company’s activities on the Additional Properties have been deferred pending developments in Sweden with respect to the moratorium.

## ANNUAL FINANCIAL INFORMATION

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

	Year ended		
	June 30, 2024	June 30, 2023	June 30, 2022
Total revenue	\$ -	\$ -	\$ -
Operating expenses	2,382,280	1,300,696	1,753,624
Other expenses (income)	307,474	16,094	(27,435)
Net loss	2,689,754	1,316,790	1,726,189
Total comprehensive loss	2,689,754	1,316,790	1,726,189
Basic and diluted loss per common share	0.02	0.02	0.02

	As at		
	June 30, 2024	June 30, 2023	June 30, 2022
Cash and cash equivalents	\$ 5,861,955	\$ 2,525,835	\$ 1,508,278
Exploration and evaluation assets	7,548,017	7,360,417	6,916,084
Total assets	14,005,032	10,120,963	8,671,995
Current financial liabilities	1,217,457	119,242	294,198
Shareholders' equity	12,787,575	10,001,721	8,377,797

## FINANCIAL REVIEW

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

### Results of operations

The Company incurred a net loss and comprehensive loss of \$2,689,754 during the year ended June 30, 2024, an increase in loss of \$1,372,964, as compared to the net loss and comprehensive loss of \$1,316,790 for the year ended June 30, 2023. The increase in net loss and total comprehensive loss was primarily driven by:

- An increase in stock-based compensation of \$469,096 driven primarily by the increase in the fair value of the stock options granted in the current year compared to the prior year;
- A write-down of exploration and evaluation assets in the current year of \$461,778 following the abandonment of the Svärdsjö property;
- Increase in consulting fees of \$287,384, largely due to financial advisory services received during the current year; and
- A foreign exchange loss of \$188,707 in the current period compared to \$11,403 in the comparative year resulting from exchange rate fluctuations and an increase in balances.

The increases in loss and total comprehensive loss were partially offset by an unrealized gain on investment in marketable securities of \$105,000 in the current year compared to an unrealized loss of \$80,000 in the comparative year, as well as management fee income of \$75,607 in the current year compared to \$46,564 in the comparative year.

### 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:

	Quarter ended	Revenue	Loss before other income and expenses	Loss and comprehensive loss	Basic and diluted income (loss) per common share
Q4/24	June 30, 2024	\$ -	\$ (464,051)	\$ (1,056,211)	\$ (0.01)
Q3/24	March 31, 2024	\$ -	\$ (1,195,995)	\$ (1,159,361)	\$ (0.01)
Q2/24	December 31, 2023	\$ -	\$ (530,075)	\$ (312,784)	\$ (0.00)
Q1/24	September 30, 2023	\$ -	\$ (191,456)	\$ (161,398)	\$ (0.00)
Q4/23	June 30, 2023	\$ -	\$ (250,502)	\$ (199,836)	\$ (0.00)
Q3/23	March 31, 2023	\$ -	\$ (665,933)	\$ (665,545)	\$ (0.01)
Q2/23	December 31, 2022	\$ -	\$ (201,803)	\$ (243,385)	\$ (0.00)
Q1/23	September 30, 2022	\$ -	\$ (182,458)	\$ (208,024)	\$ (0.00)

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

- The Company's Q4 2024 loss was influenced by a write-down of exploration and evaluation assets related to the Company's Svärdsjö property. After normalizing for the write-down, loss was \$594,433.
- The Company's Q3 2024 loss was influenced by stock-based compensation expense of \$807,028. When normalized for this amount, loss was \$352,333.
- The Company's Q2 2024 loss was influenced by consulting expense of \$334,136, and professional fees of \$81,106, offset by unrealized gain on investments of \$60,000 and interest and dividend income of \$25,183.
- The Company's Q3 2023 loss was influenced by stock-based compensation expense of \$389,481. When normalized for this amount, the loss was \$276,064.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements for the year ended June 30, 2024 have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business.

At June 30, 2024, the Company had cash and cash equivalents of \$5,861,955 (June 30, 2023 - \$2,525,835) and its current assets exceeded its current liabilities by \$5,216,155 (June 30, 2023 - \$2,519,080). The Company currently does not generate revenue from operations. It has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$63,646,859 as at June 30, 2024 (June 30, 2023 - \$61,203,762). Pursuant to the Earn-In Agreement, the Company earns a 7.5% operator fee on qualifying expenditures.

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

During the year ended June 30, 2024, 845,000 stock options were exercised at an exercise price of \$0.20 and 20,000 stock options were exercised at an exercise price of \$0.21 for aggregate gross proceeds of \$173,200.

During the year ended June 30, 2024, 407,500 share purchase warrants were exercised at an exercise price of \$0.20 for gross proceeds of \$81,500.

During the year ended June 30, 2024, 550,426 compensation options were exercised at an exercise price of \$0.15 and 11,992 compensation options were exercised at an exercise price of \$0.22 for aggregate gross proceeds of \$85,202.

Subsequent to June 30, 2024, the Company issued 25,000 common shares pursuant to the exercise of warrants for aggregate gross proceeds of \$5,000.

Subsequent to June 30, 2024, the Company issued 84,504 common shares pursuant to the exercise of compensation options for aggregate gross proceeds of \$12,676.

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

### Cash flows

Cash used by operating activities for the year ended June 30, 2024 was \$698,048 compared to \$848,435 used in operating activities for the year ended June 30, 2023. The decrease in cash used was primarily the result of the funds received from Boliden pursuant to the Earn-In Agreement in respect of the Company's Tomtebo Property.

During the year ended June 30, 2024, the Company invested \$332,863 in exploration and evaluation assets and advances and deposits for exploration, compared with \$685,241 during the year ended June 30, 2023.

During the year ended June 30, 2024, the Company raised \$4,367,031 from the issuance of shares, including upon the exercise of stock options and warrants (2023 - \$2,551,233).

### TRANSACTIONS WITH RELATED PARTIES

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

Key management personnel compensation includes:

	<b>For the Years Ended</b>	
	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Salary	\$ 382,500	\$ 255,000
Consulting	\$ 299,120	\$ 231,900

As at June 30, 2024, accounts payable and accrued liabilities include \$12,533 owing to related parties (June 30, 2023 – \$Nil). Amounts due to related parties are unsecured, non-interest bearing and have no specified terms of repayment.

The Company does not have offices in British Columbia, but rather is a party to an Administrative Services Agreement, whereby it has contracted administrative, corporate and financial reporting services with Sentinel Corporate Services Inc. ("Sentinel"), a company controlled by a close family member of the CFO, which are included in consulting fees. Sentinel has a continuing service agreement with the Company. During the year ended June 30, 2024, the Company incurred expenses for services to Sentinel of \$107,320 (2023 - \$108,400). As of June 30, 2024, there was \$Nil owing to Sentinel in respect of services provided to the Company and \$Nil owing in respect of expenses incurred on behalf of the Company.

#### **FOURTH QUARTER**

	June 30, 2024	June 30, 2023	June 30, 2022
<b>EXPENSES</b>			
General and administrative costs	\$ 71,701	\$ 15,582	\$ 7,284
Marketing and investor relations	146,752	22,675	47,377
Consulting fees	132,234	129,191	120,494
Professional fees	87,481	45,269	64,553
Property investigation costs	878	29,417	-
Stock-based compensation expense	16,968	-	-
Transfer agent, regulatory and listing fees	8,037	8,368	7,782
Foreign exchange (gain)/ loss	269,136	14,643	(2,246)
Unrealized loss/(gain) on investments	(50,000)	10,000	40,000
Impairment of mineral property	461,778	-	-
Interest and dividend income	(61,780)	(28,745)	-
Other income	(26,974)	(46,564)	-
<b>Net loss and comprehensive loss</b>	<b>\$ 1,056,211</b>	<b>\$ 199,836</b>	<b>\$ 285,244</b>

The Company incurred a net loss and total comprehensive loss of \$1,056,211 during the three months ended June 30, 2024 compared to \$199,836 for the same period of 2023, an increase in loss of \$856,375.

The increase in loss was primarily the result of;

- A write-down of exploration and evaluation assets in the current year of \$461,778 following the abandonment of the Svärdsjö property;
- An increase in foreign exchange loss of \$254,493;
- Increase in marketing and investor relations expenses of \$124,077 resulting an increase in general marketing, consulting and conferences, including related travel;
- Increases in general and administrative costs of \$56,119, driven primarily by an increase in travel.

#### **PROPOSED TRANSACTIONS**

None.

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

The critical judgements and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements for the year ended June 30, 2024 as follows:

### Material accounting judgments

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

#### *Going concern*

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

#### *Determination of functional currency*

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

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

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

### Key sources of estimation uncertainty

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

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

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

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

The Company did not adopt any new accounting standards or interpretations during the years ended June 30, 2024 and 2023.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not enter into any off-balance sheet arrangements during the year ended June 30, 2024.



## FINANCIAL INSTRUMENTS AND RELATED RISKS

### Classifications

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

	June 30, 2024	June 30, 2023
<b>Financial assets:</b>		
<b>Amortized cost</b>		
Cash and cash equivalents	\$ 5,861,955	\$ 2,525,835
<b>Fair value through profit and loss</b>		
Investment	145,000	40,000
<b>Financial liabilities:</b>		
<b>Other financial liabilities</b>		
Accounts payable and accrued liabilities	\$ 269,243	\$ 119,242
Advance from Boliden	948,214	-

Accounts payable and accrued liabilities includes amounts due to related parties. Accounts payable and accrued liabilities and the advance from Boliden approximates their carrying values due to their short-term maturity.

### Fair value information

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

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

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

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

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

Investments are measured at fair value using level 1 inputs. At June 30, 2024 and 2023, the Company had no financial assets measured and recognized on the statement of financial position at fair value belonging in Level 2 or Level 3 of the fair value hierarchy.

### Financial instrument risk exposure

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

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At June 30, 2024 and 2023, the Company was exposed to credit risk on its cash and cash equivalents, and GST and VAT receivable.

The Company's cash and cash equivalents is held with high credit quality financial institutions in Canada and Sweden, and GST and VAT receivable is recoverable from the government of Canada and Sweden, respectively. As at June 30, 2024 and 2023, management considers its exposure to credit risk to be low

#### *Liquidity risk*

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

At June 30, 2024, the Company had cash and cash equivalents of \$5,861,955 (June 30, 2023 - \$2,525,835), of which \$948,214 (2023 - \$Nil) were advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB and are therefore not available for general use and accounts payable and accrued liabilities of \$269,243 (June 30, 2023 - \$119,242)

with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at June 30, 2024. The Company assessed its liquidity risk as low as at June 30, 2024 and 2023.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at June 30, 2024 and 2023.

#### *Foreign currency risk*

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

As at June 30, 2024 and June 30, 2023, the Company had exposure to foreign currency risk through the following assets and liabilities denominated in Euros, and Swedish Krona ("SEK").

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

  

<b>June 30, 2023</b>		
	<b>Euros</b>	<b>SEK</b>
Cash and cash equivalents	1,468	417,973
GST and VAT receivable	-	200,362
Prepaid expenses	-	223,144
Accounts payable and accrued liabilities	-	(392,012)
Net	1,468	449,467
Canadian dollar equivalent	\$ 2,123	\$ 55,150

For the year ended June 30, 2024, based on the above net exposures, a 10% change in the Canadian Dollar/Euro and Canadian Dollar/SEK exchange rate would impact the Company's net loss by approximately \$1,184 and \$14,342 (June 30, 2023 - \$200 and \$6,000), respectively. As at June 30, 2024 and 2023 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at June 30, 2024 and 2023.

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

At the date of this MD&A, the Company had 130,538,679 common shares issued and outstanding (June 30, 2024 – 130,315,625), 11,975,000 stock options outstanding, 1,669,528 compensation options outstanding, and 19,817,500 warrants outstanding.

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

#### **RISKS AND UNCERTAINTIES**

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

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

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

For the reasons set forth above, investors should not place undue reliance on forward-looking statements. It is the Company’s policy that all forward-looking statements are based on the Company’s beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at October 24, 2024 and are subject to change after this date. The Company assumes no obligation and has no policy for updating or revising forward-looking information or statements to reflect new events or circumstances, except as may be required under applicable securities laws.