

# **DISTRICT METALS CORP.**

Condensed Consolidated Interim Financial Statements  
For the three and nine months ended March 31, 2024 and 2023  
(Expressed in Canadian Dollars - Unaudited)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

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

As at	March 31, 2024	June 30, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	\$ 6,689,551	\$ 2,525,835
GST and VAT receivable	154,625	50,831
Prepaid expenses	244,412	21,656
Investment (Note 4)	95,000	40,000
	<b>7,183,588</b>	<b>2,638,322</b>
Advances and deposits (Note 5)	327,014	122,224
Exploration and evaluation assets (Note 5)	7,916,561	7,360,417
<b>TOTAL ASSETS</b>	<b>\$ 15,427,163</b>	<b>\$ 10,120,963</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 and 12)	\$ 492,006	\$ 119,242
Advance from Boliden (Note 7)	1,279,680	-
<b>TOTAL LIABILITIES</b>	<b>1,771,686</b>	<b>119,242</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	73,012,416	68,731,423
Reserve (Note 9)	3,234,632	2,474,060
Accumulated deficit	(62,591,571)	(61,203,762)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>13,655,477</b>	<b>10,001,721</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 15,427,163</b>	<b>\$ 10,120,963</b>

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

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

"Joanna Cameron"  
Director

"Garrett Ainsworth"  
CEO and Director

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

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

	Three months ended		Nine months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>EXPENSES</b>				
General and administrative costs	\$ 49,201	\$ 34,576	\$ 102,616	\$ 65,272
Marketing and investor relations	54,988	38,077	101,125	99,834
Consulting fees (Note 12)	228,125	150,934	682,850	398,509
Professional fees	23,867	11,387	125,611	39,049
Property investigation costs	17,171	16,364	24,293	16,364
Stock-based compensation (Note 9)	807,028	389,481	841,609	389,481
Transfer agent, regulatory and listing fees	15,615	25,114	40,125	41,685
<b>OPERATING EXPENSES</b>	<b>1,195,995</b>	<b>665,933</b>	<b>1,918,229</b>	<b>1,050,194</b>
<b>OTHER EXPENSES (INCOME)</b>				
Fair value loss (gain) on investments (Note 4)	5,000	-	(55,000)	70,000
Foreign exchange loss (gain)	42,171	(389)	(80,429)	(3,241)
Interest and dividend income (Note 3)	(46,719)	-	(100,624)	-
Other income (Note 5)	(37,086)	-	(48,633)	-
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ 1,159,361</b>	<b>\$ 665,545</b>	<b>\$ 1,633,543</b>	<b>\$ 1,116,954</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>
<b>Weighted average number of common shares outstanding</b>	<b>121,440,591</b>	<b>72,803,399</b>	<b>111,847,243</b>	<b>68,548,736</b>

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

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

	Nine months ended	
	March 31, 2024	March 31, 2023
<b>Cash flows provided from (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net loss</b>	\$ (1,633,543)	\$ (1,116,954)
<b>Adjustments for items not affecting cash:</b>		
Unrealized gain on marketable securities	(55,000)	70,000
Stock-based compensation	841,609	389,481
	<b>(846,934)</b>	<b>(657,473)</b>
<b>Net changes in non-cash working capital items:</b>		
GST and VAT receivable	(103,794)	(15,899)
Prepaid expenses and deposits	(220,981)	13,617
Accounts payable and accrued liabilities	388,362	(19,451)
Advance from Boliden	1,279,680	-
<b>Net cash flows provided by (used in) operating activities</b>	<b>496,333</b>	<b>(679,206)</b>
<b>INVESTING ACTIVITIES</b>		
Advances and deposits	(302,221)	(63,041)
Exploration and evaluation assets exploration expenditures	(226,086)	(454,792)
<b>Net cash flows used in investing activities</b>	<b>(528,307)</b>	<b>(517,833)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from private placement, net of cash share issuance costs	4,030,629	2,551,233
Proceeds from the exercise of stock options	10,000	-
Proceeds from the exercise of compensation options	73,561	-
Proceeds from the exercise of warrants	81,500	-
<b>Net cash flows provided by financing activities</b>	<b>4,195,690</b>	<b>2,551,233</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,163,716</b>	<b>1,354,194</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>2,525,835</b>	<b>1,508,278</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 6,689,551</b>	<b>\$ 2,862,472</b>
<b>Supplemental cash flow information</b>	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets included in accounts payable and accrued liabilities	32,281	34,979
Fair value of reallocation pursuant to stock option cancellation	101,734	393,687
Fair value of compensation options	-	178,765
Fair value of reallocation pursuant to warrant cancellation	144,000	-
Fair value of shares issued for exploration and evaluation assets	250,000	-
Interest paid	-	-
Taxes paid	-	-

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

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

	Number of shares	Amount	Reserve	Accumulated deficit	Total
<b>Balance, June 30, 2022</b>	<b>86,980,707</b>	<b>\$ 66,358,955</b>	<b>\$ 2,307,702</b>	<b>\$ (60,288,860)</b>	<b>\$ 8,377,797</b>
Fair value reclassification pursuant to stock option expiry (Note 9)	-	-	(393,687)	393,687	-
Common shares issued for private placement (Note 8)	20,000,000	3,000,000	-	-	3,000,000
Share issuance costs (Note 8)		(627,532)	178,765	-	(448,767)
Stock-based compensation		-	389,481	-	389,481
Net loss for the period	-	-	-	(1,116,954)	(1,116,954)
<b>Balance, March 31, 2023</b>	<b>106,980,707</b>	<b>\$ 68,731,423</b>	<b>\$ 2,482,261</b>	<b>\$ (61,012,127)</b>	<b>\$ 10,201,557</b>
<b>Balance, June 30, 2023</b>	<b>106,980,707</b>	<b>\$ 68,731,423</b>	<b>\$ 2,474,060</b>	<b>\$ (61,203,762)</b>	<b>\$ 10,001,721</b>
Shares issued for property payments (Note 5)	1,000,000	250,000	-	-	250,000
Shares issued pursuant to private placement	20,500,000	3,783,520	247,109	-	4,030,629
Shares issued pursuant to stock option exercise (Note 8)	50,000	19,356	(9,356)	-	10,000
Shares issued pursuant to compensation option exercise (Note 8)	490,406	146,617	(73,056)	-	73,561
Shares issued pursuant to warrant exercise (Note 8)	407,500	81,500	-	-	81,500
Fair value reclassification pursuant to stock option expiry (Note 9)	-	-	(101,734)	101,734	-
Fair value reclassification pursuant to warrant expiry (Note 9)	-	-	(144,000)	144,000	-
Stock-based compensation	-	-	841,609	-	841,609
Net loss for the period	-	-	-	(1,633,543)	(1,633,543)
<b>Balance, March 31, 2024</b>	<b>129,428,613</b>	<b>\$ 73,012,416</b>	<b>\$ 3,234,632</b>	<b>\$ (62,591,571)</b>	<b>\$ 13,655,477</b>

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

# DISTRICT METALS CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars – Unaudited)

---

### 1. NATURE OF OPERATIONS AND GOING CONCERN

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

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. The Company currently is not generating any revenues. It has incurred losses during the three and nine months ended March 31, 2024 of \$1,159,361 (2023 - \$665,545) and \$1,633,543 (2023 - \$1,116,954), respectively, had negative cash flows from operations since inception and had an accumulated deficit of \$62,591,571 as at March 31, 2024 (June 30, 2023 - \$61,203,762). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties cast substantial doubt on the Company’s ability to continue as a going concern.

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

### 2. BASIS OF PREPARATION

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended June 30, 2023 and have been consistently followed in the preparation of these condensed consolidated interim financial statements. In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed interim financial statements.

#### *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information.” Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendments were applied effective July 1, 2023, and did not have a material impact on the Company’s 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

## DISTRICT METALS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars – Unaudited)

---

financial statements should be read in conjunction with the Company's June 30, 2023 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) Material accounting judgments and estimates**

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future and to exercise judgment in applying the Company's accounting policies. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The material accounting judgments and assumptions made by management and other major sources of measurement uncertainty are discussed below:

##### 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.



**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2024 and 2023**

(Expressed in Canadian Dollars – Unaudited)

**3. CASH AND CASH EQUIVALENTS**

At March 31, 2024 and June 30, 2023, the Company's cash and cash equivalents are comprised of the following:

	<b>March 31, 2024</b>		<b>June 30, 2023</b>	
Cash held in bank accounts	\$	1,774,819	\$	502,302
Cash equivalents		4,914,732		2,023,533
<b>Total</b>	<b>\$</b>	<b>6,689,551</b>	<b>\$</b>	<b>2,525,835</b>

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

The cash held in bank accounts disclosed above and in the statement of cash flows include \$1,330,476 of advances made to the Company pursuant to the terms of the Earn-in Agreement with Boliden Mineral AB (Note 5), and are therefore not available for general use.

**4. INVESTMENT**

The Company holds 1,000,000 common shares of Sherpa II Holdings Corp. ("Sherpa II") issued to it as partial consideration for the sale of an 80% interest in the Bakar Property by the Company to Sherpa II (Note 5). These shares are publicly traded on the Exchange and are held at FVTPL. As at March 31, 2024, the fair value of these shares was \$95,000 (June 30, 2023 - \$40,000). During the three months ended March 31, 2024, the Company recorded a fair value loss of \$5,000 (2023 - \$Nil) and during the nine months ended March 31, 2024, a fair value gain of \$55,000 (2023 – loss of \$70,000), determined by reference to closing prices on the Exchange.

**5. EXPLORATION AND EVALUATION ASSETS**

	<b>Tomtebo Property (a)</b>	<b>Svärdsjö Property</b>	<b>Gruvberget Property</b>	<b>Bakar Property (b)</b>	<b>Other Properties</b>	<b>Total</b>
<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	88,404	-	-	-	311,700	400,104
Cost re-allocation	(95,151)	-	-	-	95,151	-
<b>Balance, March 31, 2024</b>	<b>\$ 1,709,110</b>	<b>\$ 402,500</b>	<b>\$ 260,000</b>	<b>\$ 32,051</b>	<b>\$ 406,851</b>	<b>\$ 2,810,512</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	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	78,841	1,421	261	17,854	62,528	160,905
Drilling	-	-	-	-	-	-
Geochemistry	-	-	-	-	6,170	6,170
Other	12,728	5	5,497	1,786	3,949	23,965
Cost recovery	(35,000)	-	-	-	-	(35,000)
<b>Balance, March 31, 2024</b>	<b>\$ 4,257,457</b>	<b>\$ 52,270</b>	<b>\$ 603,295</b>	<b>\$ 114,787</b>	<b>\$ 78,240</b>	<b>\$ 5,106,049</b>
Balance, June 30, 2023	\$ 5,916,745	\$ 453,344	\$ 857,537	\$ 127,198	\$ 5,593	\$ 7,360,417
<b>Balance, March 31, 2024</b>	<b>\$ 5,966,567</b>	<b>\$ 454,770</b>	<b>\$ 863,295</b>	<b>\$ 146,838</b>	<b>\$ 485,091</b>	<b>\$ 7,916,561</b>

## **DISTRICT METALS CORP.**

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

#### **For the Three and Nine Months Ended March 31, 2024 and 2023**

(Expressed in Canadian Dollars – Unaudited)

---

#### **(a) Tomtebo**

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

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

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

The Company will act as operator during the Option stage and is entitled to a 7.5% fee on qualifying expenditures under the Earn-In Agreement. During the three and nine months ended March 31, 2024, the Company earned an operator fee of \$36,886 and \$46,847, respectively.

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

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

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

#### **(b) Bakar**

Effective January 1, 2023, the Company amended the joint venture agreement whereby District Metals will fund 100% of the next phase of exploration expenditures to a maximum of \$330,000 and contribute its related 10% exploration management fee of \$33,000 to earn back pro-rata ownership in the property up to 54% (the "Amended Agreement"). From the date of the Amended Agreement, District Metals has funded exploration expenditures of \$25,232 and earned management fee income of \$2,523. During the three and nine months ended March 31, 2024, the Company earned management fee income of \$200 (2023 - \$Nil) and \$1,786 (2023 - \$Nil), respectively.

As at March 31, 2024, the Company had paid \$19,163 (June 30, 2023 - \$18,543) for reclamation deposits for Tomtebo, Svärdsjö, and Gruvberget properties in Sweden and paid a deposit on mineral licenses of \$231,227 (June 30, 2023 - \$78,681).

#### **(c) Other Properties**

On January 15, 2024 the Company completed the acquisition of the remaining four mineral licenses covering the Viken deposit located Jämtland County, central Sweden, namely the Norra Leden, Norr Viken, Lill Viken and Storviken mineral licenses, from an arm's length vendor (the "Vendor"). The principal terms of the definitive purchase agreement (the "Purchase Agreement") are as follows:

- \$50,000 cash paid to the Vendor on closing (paid).

## DISTRICT METALS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three and Nine Months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars – Unaudited)

- \$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 and 500,000 shares will be released twenty-four months after issuance.
- A 2% NSR royalty granted to the Vendor on closing that can be bought back in its entirety at any time for a value of \$8,000,000 where the first 1% NSR royalty may be purchased for \$2,000,000.

#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At March 31, 2024 and June 30, 2023, the Company's accounts payable and accrued liabilities are comprised of the following:

	March 31, 2024		June 30, 2023	
Trade payables	\$	435,412	\$	51,961
Accrued liabilities		56,594		67,281
	\$	492,006	\$	119,242

#### 7. ADVANCE FROM BOLIDEN

At March 31, 2024 and June 30, 2023, the Company's Advance from Boliden is comprised of the following:

	March 31, 2024		June 30, 2023	
Balance, beginning	\$	-	\$	-
Funds received		1,998,726		-
Invoices issued to Boliden		(719,046)		-
Balance, ending	\$	1,279,680	\$	-

#### 8. SHARE CAPITAL

##### (a) Authorized

Unlimited number of common shares without par value.

##### (b) Issued

On January 15, 2024, the Company issued 1,000,000 common shares with a fair value of \$250,000 pursuant to the acquisition of the Viken Property (Note 5).

On January 23, 2024, the Company issued 87,500 common shares for gross proceeds of \$17,500 pursuant to the exercise of warrants.

On February 1, 2024, the Company issued 20,500,000 common shares for gross proceeds of \$4,510,000 pursuant to the closing of a brokered private placement. Each Unit is comprised of one common share ("Common Share") in the capital of the Company and one-half of one Common Share purchase warrant (each whole such warrant, a "Warrant") of the Company. Each Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.30 for a period of three (3) years. The fair value of the Warrants was determined to be \$Nil using the residual value method. The Company incurred cash share issuance costs of \$479,371 and issued 1,230,000 compensation options (the "Compensation Options"). Each Compensation Option entitles the holder thereof to acquire one additional common share at a price of \$0.22 for a period of 36 months. The Compensation Options were determined to have a fair value of \$247,109 using the Black-Scholes Option Pricing Model with the following assumptions: average risk-free interest rate of 3.95%; expected life of 3 years; expected volatility of 110% and dividend yield of \$Nil.

On February 2, 2024, the Company issued 131,250 common shares for gross proceeds of \$26,250 pursuant to the exercise of warrants.

## **DISTRICT METALS CORP.**

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

#### **For the Three and Nine Months Ended March 31, 2024 and 2023**

(Expressed in Canadian Dollars – Unaudited)

---

On February 28, 2024, the Company issued 50,000 common shares for gross proceeds of \$10,000 pursuant to the exercise of stock options. In conjunction with the exercise, the Company reclassified \$9,356 from reserves to share capital.

On March 1, 2024, the Company issued 145,000 common shares for gross proceeds of \$29,000 pursuant to the exercise of warrants.

On March 5, 2024, the Company issued 200,000 common shares for gross proceeds of \$30,000 pursuant to the exercise of compensation stock options. In conjunction with the exercise, the Company reclassified \$29,794 from reserves to share capital.

On March 14, 2024, the Company issued 290,406 common shares for gross proceeds of \$43,561 pursuant to the exercise of compensation stock options. In conjunction with the exercise, the Company reclassified \$43,262 from reserves to share capital.

On March 15, 2024, the Company issued 43,750 common shares for gross proceeds of \$8,750 pursuant to the exercise of warrants.

On March 2, 2023, the Company issued 20,000,000 common shares for gross proceeds of \$3,000,000 pursuant to the closing of a brokered private placement of units. Each unit is comprised of one Common Share in the capital of the Company and one-half of one Common Share purchase warrant (each whole such warrant, a "2023 Warrant") of the Company. Each 2023 Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.20 for a period of three years. The fair value of the 2023 Warrants was determined to be \$Nil using the residual value method. The Company incurred cash share issuance costs of \$448,767 and issued 1,200,000 compensation options with a fair value of \$178,765, which were valued using the Black-Scholes Option Pricing Model with the following assumptions: average risk-free interest rate of 3.53%; expected life of 3 years; expected volatility of 104% and dividend yield of \$Nil.

## **9. OPTIONS AND WARRANTS**

### **(a) Options**

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

On February 13, 2024, the Company granted 300,000 stock options to a consultant of the Company at an exercise price of \$0.30 per common share for a period of five years ending February 13, 2029. The options vest immediately with a fair value of \$68,490 recorded to stock-based compensation, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.60%; expected life of 5 years; expected volatility of 116% and dividend yield of \$Nil.

On February 1, 2024, the Company granted 3,100,000 stock options to Officers, Directors and certain consultants of the Company at an exercise price of \$0.28 per common share for a period of five years ending February 1, 2029. The options vest immediately with a fair value of \$712,722 recorded to stock-based compensation, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.60%; expected life of 5 years; expected volatility of 116% and dividend yield of \$Nil.

On January 5, 2024, the Company granted 150,000 stock options to a consultant of the Company at an exercise price of \$0.21 per common share for a period of five years ending January 5, 2029. The options vest immediately with a fair value of \$25,816 recorded to stock-based compensation, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.60%; expected life of 5 years; expected volatility of 115% and dividend yield of \$Nil.

On December 5, 2023, the Company granted 250,000 stock options to a consultant of the Company at an exercise price of \$0.175 per common share for a period of five years ending December 5, 2028. The options vest immediately with a fair value of \$34,581 recorded to stock-based compensation, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.18%; expected life of 5 years; expected volatility of 115% and dividend yield of \$Nil.

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2024 and 2023**

(Expressed in Canadian Dollars – Unaudited)

Total stock-based compensation expense recognized during the three and nine months ended March 31, 2024 was \$807,028 (2023 - \$389,481) and \$841,609 (2023 - \$389,481), respectively using the Black-Scholes Option Pricing Model.

During the nine months ended March 31, 2024, 250,000 stock options and 358,320 compensation options expired, accordingly \$101,734 was transferred to deficit.

A continuity schedule of the Company's outstanding stock options as at March 31, 2024 and June 30, 2023 are as follows:

	March 31, 2024		June 30, 2023	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
<b>Outstanding, beginning of period/year</b>	9,240,000	\$ 0.26	6,680,000	\$ 0.29
Granted	3,800,000	0.27	2,400,000	0.20
Exercised	(50,000)	0.20	-	-
Expired	(250,000)	0.26	(40,000)	0.25
<b>Outstanding, end of period/year</b>	<b>12,740,000</b>	<b>\$ 0.27</b>	<b>9,240,000</b>	<b>\$ 0.26</b>
<b>Exercisable, end of period/year</b>	<b>12,740,000</b>	<b>\$ 0.27</b>	<b>9,240,000</b>	<b>\$ 0.26</b>

At March 31, 2024, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

Expiry date	Options outstanding and exercisable	Exercise price	Weighted average remaining contractual life (in years)
August 12, 2024	795,000	\$ 0.20	0.02
June 2, 2025	1,815,000	\$ 0.21	0.17
October 7, 2025	300,000	\$ 0.33	0.04
December 30, 2025	1,350,000	\$ 0.46	0.19
January 18, 2026	50,000	\$ 0.45	0.01
April 13, 2026	200,000	\$ 0.40	0.03
October 7, 2026	2,130,000	\$ 0.25	0.42
March 6, 2028	2,300,000	\$ 0.20	0.71
December 5, 2028	250,000	\$ 0.175	0.09
January 5, 2029	150,000	\$ 0.21	0.06
February 1, 2029	3,100,000	\$ 0.28	1.18
February 13, 2029	300,000	\$ 0.30	0.10
	<b>12,740,000</b>	<b>\$ 0.27</b>	<b>3.02</b>

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2024 and 2023**

(Expressed in Canadian Dollars – Unaudited)

**(b) Warrants**

A continuity schedule of the Company's outstanding common share purchase warrants as at March 31, 2024 and June 30, 2023 is as follows:

	March 31, 2024		June 30, 2023	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
<b>Outstanding, beginning of period/year</b>	<b>13,600,000</b>	<b>\$ 0.24</b>	<b>11,517,866</b>	<b>\$ 0.40</b>
Granted	10,250,000	0.30	10,000,000	0.20
Exercised	(407,500)	0.20	-	-
Expired	(3,600,000)	0.35	(7,917,866)	0.42
<b>Outstanding, end of period/year</b>	<b>19,842,500</b>	<b>\$ 0.25</b>	<b>13,600,000</b>	<b>\$ 0.24</b>

**(c) Compensation options**

A continuity schedule of the Company's outstanding compensation options as at March 31, 2024 and June 30, 2023 is as follows:

	March 31, 2024		June 30, 2023	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
<b>Outstanding, beginning of period/year</b>	<b>1,558,320</b>	<b>0.25<sup>(3)</sup>/ 0.35<sup>(4)</sup>/ 0.15</b>	<b>1,205,920</b>	<b>\$0.30<sup>(1)</sup> / 0.42<sup>(2)</sup> 0.25<sup>(3)</sup> / 0.35<sup>(4)</sup></b>
Granted	1,230,000	0.22	1,200,000	0.15
Exercised	(490,406)	0.15	-	-
Expired	(358,320)	0.25 <sup>(3)</sup> / 0.35 <sup>(4)</sup>	(847,600)	0.30 <sup>(1)</sup> / 0.42 <sup>(2)</sup>
<b>Outstanding, end of period/year</b>	<b>1,939,594</b>	<b>0.19</b>	<b>1,558,320</b>	<b>0.25<sup>(3)</sup>/ 0.35<sup>(4)</sup> / 0.15</b>

<sup>(1)</sup> The holder of each compensation option is entitled to purchase one Unit at an exercise price of \$0.30.

<sup>(2)</sup> Each whole common share purchase warrant is exercisable into one common share of the Company at an exercise price of \$0.42.

<sup>(3)</sup> The holder of each compensation option is entitled to purchase one Unit at an exercise price of \$0.25.

<sup>(4)</sup> Each whole common share purchase warrant is exercisable into one common share of the Company at an exercise price of \$0.35.

**10. MANAGEMENT OF CAPITAL**

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

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

The Company is not subject to any externally imposed capital requirements, apart from those pursuant to the Earn-In Agreement (Note 3). The Company did not change its capital management approach during the nine months ended March 31, 2024.

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

**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2024 and 2023**

(Expressed in Canadian Dollars – Unaudited)

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

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

	March 31, 2024	June 30, 2023
<b>Financial assets:</b>		
<b><i>Fair value through profit and loss</i></b>		
Cash and cash equivalents	\$ 6,689,551	\$ 2,525,835
Investment	95,000	40,000
<b>Financial liabilities:</b>		
<b><i>Other financial liabilities</i></b>		
Accounts payable and accrued liabilities	\$ 492,006	\$ 119,242
Advance from Boliden	1,279,680	-

Accounts payable and accrued liabilities includes amounts due to related parties (Note 12). Accounts payable and accrued liabilities and the advance from Boliden approximates their carrying values due to their short-term maturity.

**(b) Fair value information**

The fair values of the Company's cash and cash equivalents, due from related parties, accounts payable and accrued liabilities, and advance from Boliden 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 measure at fair value using Level 1 inputs. At March 31, 2024 and June 30, 2023, the Company had no financial assets measured and recognized on the condensed consolidated interim statement 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 March 31, 2024 and June 30, 2023, the Company was exposed to credit risk on its cash and cash equivalents.

The Company's cash and cash equivalents is held with high credit quality financial institutions in Canada and Sweden and as at March 31, 2024 and June 30, 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.

## DISTRICT METALS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three and Nine Months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars – Unaudited)

At March 31, 2024, the Company had cash and cash equivalents of \$6,689,551 (June 30, 2023 - \$2,525,835) and accounts payable and accrued liabilities of \$492,006 (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 March 31, 2024. The Company assessed its liquidity risk as low as at March 31, 2024 and June 30, 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 March 31, 2024 and June 30, 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 March 31, 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>Euros</b>	<b>SEK</b>
<b>March 31, 2024</b>		
Cash and cash equivalents	1,468	12,954,204
VAT receivable	-	1,237,062
Prepaid expenses	-	2,543,684
Accounts payable and accrued liabilities	-	(366,756)
Advance from Boliden	-	(10,492,714)
Net	1,468	5,875,480
Canadian dollar equivalent	\$ 2,065	\$ 795,806
<b>June 30, 2023</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 period ended March 31, 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 \$300 and \$24,000 (June 30, 2023 - \$200 and \$6,000), respectively. As at March 31, 2024 and June 30, 2023 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at March 31, 2024 and June 30, 2023.

## 12. RELATED PARTY TRANSACTIONS

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.



**DISTRICT METALS CORP.****Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended March 31, 2024 and 2023**

(Expressed in Canadian Dollars – Unaudited)

Key management personnel compensation includes:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>
Share-based compensation	\$ 505,802	\$ 292,111	\$ 505,802	\$ 292,111
Salary and consulting fees	115,280	137,950	518,772	373,950
<b>Total</b>	<b>\$ 621,082</b>	<b>\$ 430,061</b>	<b>\$ 1,024,574</b>	<b>\$ 666,061</b>

As at March 31, 2024, accounts payable and accrued liabilities include \$17,317 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.

During the three and nine months ended March 31, 2024, the Company paid \$30,460 and \$80,860 (2023 - \$35,200 and \$83,200), respectively, to a company controlled by a close family member of the CFO.

**13. SEGMENTED INFORMATION**

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

The Company's total assets are segmented geographically as follows:

	<b>Sweden</b>	<b>Canada</b>	<b>Total</b>
<b>As at March 31, 2024</b>			
Current assets	\$ 1,863,666	\$ 5,319,922	\$ 7,183,588
Advances and deposits	320,764	6,250	327,014
Exploration and evaluation assets	7,769,723	146,838	7,916,561
	<b>\$ 9,954,153</b>	<b>\$ 5,473,010</b>	<b>\$ 15,427,163</b>
<b>As at June 30, 2023</b>			
Current assets	\$ 80,214	\$ 2,558,108	\$ 2,638,322
Advances and deposits	122,224	-	122,224
Exploration and evaluation assets	7,233,219	127,198	7,360,417
	<b>\$ 7,435,657</b>	<b>\$ 2,685,306</b>	<b>\$ 10,120,963</b>

**14. SUBSEQUENT EVENTS**

In April 2024, the Company determined that it would not continue to conduct exploration activities on the Svärdsjö Property.

On May 9, 2024, the Company granted 50,000 stock options to a consultant of the Company, which are exercisable at \$0.42 per share for a period of 5 years and vest immediately.

On May 17, 2024, the Company issued 92,250 common shares for gross proceeds of \$16,280 pursuant to the exercise of stock options and compensation options.

On May 22, 2024, the Company issued 12,500 common shares for gross proceeds of \$1,875 pursuant to the exercise of compensation options.

On May 28, 2024, the Company issued 11,992 common shares for gross proceeds of \$2,638 pursuant to the exercise of compensation options.