

# District Metals Corp. Announces Closing of \$4.75 Million Private Placement Financing

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VANCOUVER, Dec. 30, 2020 - [District Metals Corp.](#) (TSX-V: DMX) (FRA: DFPP); ("District" or the "Company") is pleased to announce that it has closed its previously announced brokered private placement financing pursuant to an agency agreement with Haywood Securities Inc. (the "Agent"), raising aggregate gross proceeds of \$4,750,000 (the "Offering"). Under the terms of the Offering, the Company issued a total of 15,833,333 units (the "Units") at a price of \$0.30 per Unit (the "Issue Price"), including the exercise by the Agent of an option granted by the Company to sell up to an addition \$250,000 worth of Units.

Garrett Ainsworth, President & CEO of District, commented: "District Metals is now fully funded for the upcoming 5,000 m drill program at our high grade polymetallic Tomtebo Property located in the Bergslagen Mining District of south-central Sweden. Our financing was heavily oversubscribed, exemplifying the enthusiasm towards the discovery potential at our high priority Tomtebo targets. I would like to thank our existing shareholders who participated, as well as welcome many new shareholders, including several institutional investors."

Each Unit consists of one common share in the capital of the Company (a "Unit Share") and one-half of one common share purchase warrant (each whole such purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one common share in the capital of the Company (a "Warrant Share") at \$0.42 per Warrant Share for a period of 24 months from the Closing Date (as hereinafter defined), provided that if, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the common shares in the capital of the Company on the TSX Venture Exchange is equal to or greater than \$0.70 for 10 consecutive trading days, the Company may, within 15 days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice (the "Accelerated Exercise Period"). Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

The net proceeds from the Offering will be used for exploration at the Company's Tomtebo project in Sweden, and for working capital and general corporate purposes.

In consideration for its services, the Agent received a cash commission of \$255,000 and was issued 850,000 compensation options, with each such compensation option entitling the holder to purchase one Unit of the Company at a price of \$0.30 per Unit for a period of 24 months from the date of issuance.

All securities issued and issuable pursuant to the Offering are subject to a statutory hold period and may not be traded until May 1, 2021 except as permitted by applicable securities legislation and the rules and policies of the TSX Venture Exchange.

Certain related parties of the Company participated in the Offering. The issuance of Units to related parties is considered to be a related party transaction within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 ("MI 61-101"). The Company has relied on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 (and Policy 5.9) as the fair market value of the Units issued to such persons does not exceed 25% of the Company's market capitalization.

The securities issued pursuant to the Offering have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any applicable U.S. state securities laws, and may not be offered or sold in the United States absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Further to a shareholder rights agreement entered into between the Company and EMX Royalty Corp. ("EMX") in connection with the acquisition of the Tomtebo and Trollberget properties in June 2020, EMX has been issued 219,756 common shares in the capital of the Company, which completes EMX's top-up right to maintain its proportionate shareholding in the Company for no additional consideration.

Additionally, pursuant to the previously announced services agreement between the Company, Vector Geological Solutions Inc. (the "Consultant"), and Daniel MacNeil, as principal of the Consultant, in connection with the acquisition of the Tomtebo and Trollberget properties in June 2020, the Company has issued 33,610 common shares in the capital of the Company to the Consultant. The Consultant is at arm's length to the Company.

The Company has also granted a total of 1,400,000 stock options to directors, officers, employees and consultants of the Company, in accordance with the provisions of its stock option plan. Each stock option is exercisable at \$0.46 per common share (being the closing price of the Company's common shares on December 29, 2020, the grant date). All stock options have a term of five years and vest on the grant date.

About District Metals Corp.

[District Metals Corp.](#) is led by industry professionals with a track record of success in the mining industry. The Company's mandate is to seek out, explore, and develop prospective mineral properties through a disciplined science-based approach to create shareholder value and benefit other stakeholders.

The advanced exploration stage Tomtebo Property, located in the Bergslagen Mining District of south-central Sweden, is the Company's main focus. The Tomtebo Property comprises 5,144 ha, and is situated between the historic Falun Mine and Boliden's Garpenberg Mine located 25 km to the northwest and southeast, respectively. Two historic polymetallic mines and numerous polymetallic showings are located on the Tomtebo Property along an approximate 17 km trend that exhibits similar geology, structure, alteration and VMS/SedEx style mineralization as other significant mines within the district. Mineralization that is open at depth and along strike at the historic mines on the Tomtebo Property has not been followed-up and modern systematic exploration has never been conducted on the Property.

On Behalf of the Board of Directors

"Garrett Ainsworth"  
President and Chief Executive Officer

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Statement Regarding "Forward-Looking" Information.

This news release contains certain statements and information that may be considered "forward-looking statements" and "forward looking information" within the meaning of applicable securities laws. In some cases, but not necessarily in all cases, forward-looking statements and 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 other similar expressions. In addition, statements in this news release that are not historical facts are forward looking statements, including statements or information concerning the use of proceeds of the Offering.

These statements and other forward-looking information are based on assumptions and estimates that the Company believes are appropriate and reasonable in the circumstances, including, without limitation,

assumptions about the future prices of precious metals; the price of other commodities such as coal, fuel and electricity; currency exchange rates and interest rates; favourable operating conditions; political stability; timely receipt of governmental approvals, licences and permits (and renewals thereof); access to necessary financing; stability of labour markets and market conditions in general; availability of equipment; the accuracy of mineral resource estimates and preliminary economic assessments; estimates of costs and expenditures to complete the Company's programs and goals; and there being no significant disruptions affecting the development and operation of the project, including due to the COVID-19 pandemic.

There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include risks associated with the business of the Company; business and economic conditions in the mining industry generally; the supply and demand for labour and other project inputs; changes in commodity prices; changes in interest and currency exchange rates; risks relating to inaccurate geological and engineering assumptions; risks relating to unanticipated operational difficulties; failure of equipment or processes to operate in accordance with specifications or expectations; cost escalations; unavailability of materials and equipment; government action or delays in the receipt of government approvals; industrial disturbances or other job action; unanticipated events related to health, safety and environmental matters; risks relating to adverse weather conditions; political risk and social unrest; changes in general economic conditions or conditions in the financial markets; and other risk factors as detailed from time to time in the Company's continuous disclosure documents filed with Canadian securities regulators. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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