



District Executes Definitive Agreement on Polymetallic Properties in the Prolific Bergslagen District of Sweden

Vancouver, B.C.,

February 28, 2020

February 28, 2020 – District Metals Corp. (TSX-V: DMX; "District" or the "Company") is pleased to announce the Company has executed a definitive purchase agreement dated February 27, 2020 (the "**Purchase Agreement**") with a wholly-owned subsidiary of EMX Royalty Corp. (TSX-V:EMX) ("**EMX**") to acquire 100% ownership of the Tomtebo and Trollberget properties (together, the "**Properties**") (Figure 1) in the prolific Bergslagen District of Sweden, which hosts Lundin's Zinkgruvan Mine and Boliden's Garpenberg Mine. Upon completion of the proposed transaction, the Company's primary focus will be on the advanced exploration stage Tomtebo Property.

The proposed transaction constitutes a "Fundamental Acquisition" as such term is defined in Policy 5.3 of the TSX Venture Exchange (the "**Exchange**" or the "**TSXV**"). As a result, completion of the proposed transaction is subject to, among other things, the completion of an updated technical report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") on the Tomtebo Property, and obtaining all necessary regulatory approvals, including Exchange acceptance. The common shares of the Company will remain halted until the Exchange has reviewed the proposed transaction in accordance with Exchange Policy 5.3.

Garrett Ainsworth, President & CEO of District, commented: "These Swedish properties provide District with significant opportunities in the prolific Bergslagen District, which is known for its large tonnage and high grade Volcanogenic Massive Sulphide (VMS) and Sedimentary Exhalative (SedEx) deposit types. Tomtebo, in particular, underwent a rigorous due diligence process, which revealed immense potential. The Bergslagen District has substantial polymetallic production and endowment that is evidenced by the numerous historical and active mines, which has seen little modern systematic exploration compared to peer districts. Access and infrastructure on the properties and in the region are highly accommodative. Sweden is a stable and supportive jurisdiction for mining that is ranked highly by the Fraser Institute. We are also excited to partner with EMX Royalty Corp. to advance these properties."

Tomtebo Property Highlights

- Tomtebo covers an area of 5,144 ha, and is located 175 km northwest from the capital city of Stockholm in Sweden (Figure 1).
- Boliden's Garpenberg Mine is located 25 km to the southeast, and the historic Falun Mine is located 25 km to the northwest. Lundin's Zinkgruvan Mine is located 175 km to the southwest.
- Tomtebo contains similar host rocks, structure, alteration, and mineralization styles as the Garpenberg, Falun, and Zinkgruvan Mines.
- Two historic mines, and numerous mineralized prospects are situated along a 17 km trend on the property. Mineralization at the historic Tomtebo and Lovas Mines appears to be open in all directions.
- Historic production at the Tomtebo Mine comprised 120,000 tonnes at 4.4% Cu¹. Historic production at the Lovas Mine comprised 330,000 tonnes at 3.5% Zn, 2.5% Pb, and 30g/t Ag².
- Drilling from the 1960's and 1970's resulted in a historic mineral resource on the Tomtebo Mine from surface to 200 m depth that comprises 385,000 tonnes grading 0.67% Cu, 1.84% Pb, 3.72% Zn, 0.66 g/t gold, and 55 g/t Ag³. *This is a historic resource for the purposes of NI 43-101, and a Qualified Person has not done sufficient work to classify the historic resource above as current mineral resources or mineral reserves, and District is not treating the historical estimate as current mineral resources or mineral reserves. District considers these results as indications of the presence of mineralization on the property, and will use the information to guide future exploration.*
- Development work and mining at the historical Tomtebo and Lovas Mines reached depths of 200 m and 190 m, respectively. Mining operations at Boliden's Garpenberg Mine and Lundin Mining's Zinkgruvan Mine are currently at depths of 1400 m and 1200 m, respectively.
- Modern systematic exploration has never been carried out on the Tomtebo Property.

Trollberget Property Highlights

- The Trollberget property covers an area of 333 ha, and is located 15 km northeast from Tomtebo and 17 km east of the historic Falun Mine (Figure 1).
- Trollberget is an early stage property that strategically covers the same host rocks, structure, alteration, and mineralization as the Garpenberg, Falun and Zinkgruvan Mines.

- Several polymetallic mineralized prospects on the property warrant detailed follow up.
- Two historic channel samples⁴ located approximately 25 m apart returned:
 - 1.5 m at 21.4% Zn, 1.8% Pb, 1.3% Cu, 131 g/t Ag and 2.3 g/ t Au.
 - 2.0 m at 9.9% Zn, 1.2% Pb, 0.7% Cu, 85 g/t Ag and 0.2 g/ t Au.

The Purchase Agreement

Pursuant to the Purchase Agreement, District will acquire a 100% interest in the Properties upon the following principal terms:

- At closing of the proposed transaction DMX will:(i) make a cash payment of \$35,000 to EMX; and (ii) issue EMX approximately 3,688,965 common shares of DMX, representing a 9.9% equity ownership in DMX (on a non-diluted basis).
- To retain the Properties, DMX must: (i) incur \$1,000,000 of eligible expenditures on the Properties within two years of the closing of the proposed transaction; and (ii) complete a minimum of 2,000 m of drilling within three years of completion of the proposed transaction and an aggregate of 5,000 m within five years of completion of the proposed transaction.
- Upon announcement of each of a mineral resource estimate and preliminary economic assessment, DMX will pay to EMX a fee of \$275,000 and, in the absence of either or both a mineral resource estimate and/or preliminary economic assessment, an aggregate of \$550,000 upon a development decision, in each case, in either cash or common shares of DMX (based on the 20 day volume weighted average trading price of DMX's common shares).
- Until the first to occur of the five-year anniversary of the closing of the transaction and DMX completing a financing raising gross proceeds of at least \$3 million, EMX is entitled to maintain its shareholding in DMX for no additional consideration.
- DMX will grant EMX a 2.5% NSR royalty on each of the Properties subject to an option to repurchase up to 0.5% of the royalty for \$2,000,000 at any time within six years of the closing of the proposed transaction and in respect of which DMX will make annual advance royalty payments of \$25,000 commencing on the third anniversary of the closing of the proposed transaction, with each payment increasing by \$10,000 per year subject to maximum of \$75,000 per year.

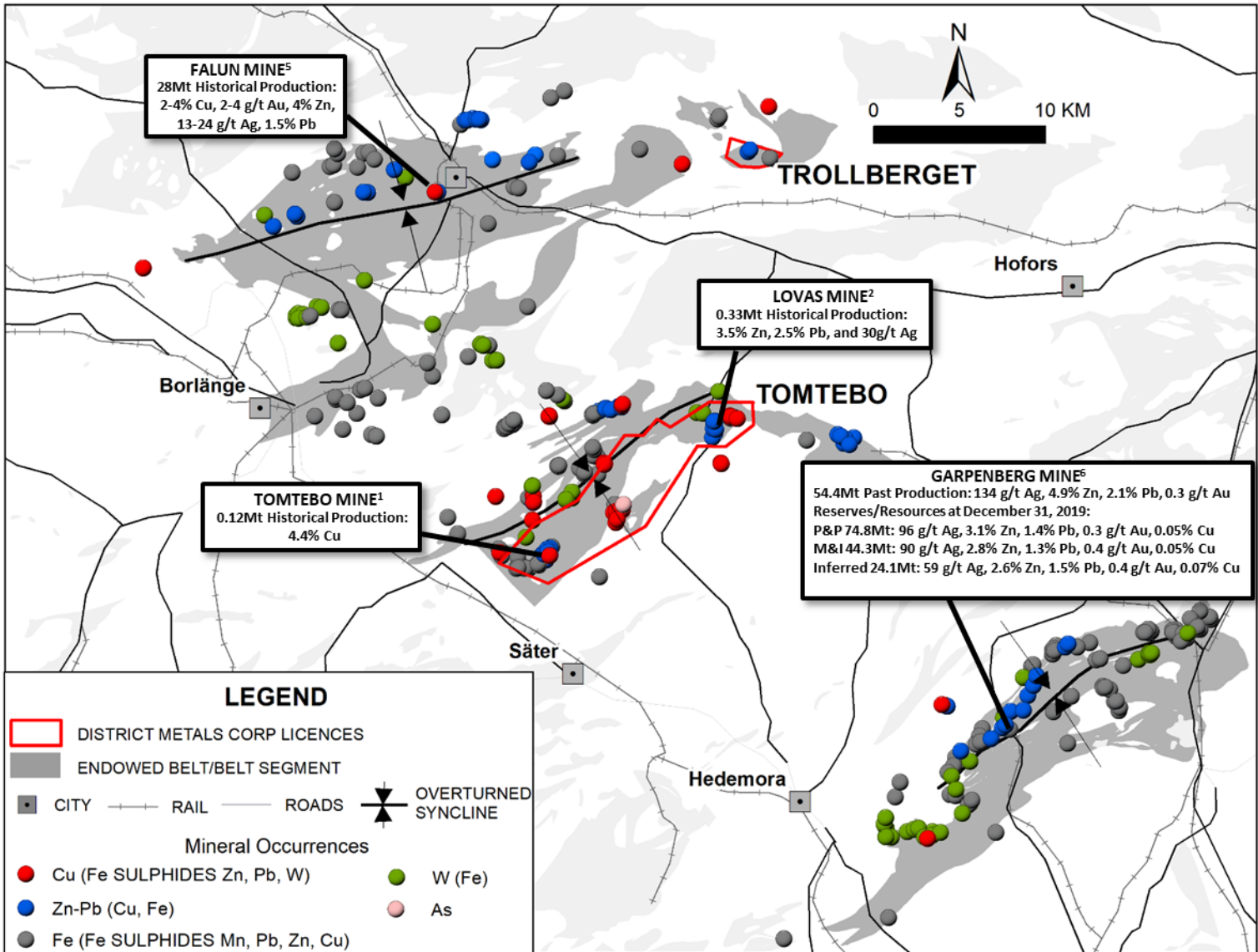
In addition, upon closing of the proposed transaction EMX and DMX will enter into a shareholder rights agreement pursuant to which:

- (i) for so long as it holds at least 9.9% of the issued and outstanding shares of the Company (on a non-diluted basis), EMX will be entitled to nominate one director to the Company's board of directors;
- (ii) for so long as it holds at least 5.0% of the issued and outstanding shares of the Company (on a non-diluted basis), EMX will have a pre-emptive right in respect of future financings by the Company;
- (iii) for so long as it holds at least 9.9% of the issued and outstanding shares of the Company (on a non-diluted basis), EMX will be subject to a standstill provision; and
- (iv) for so long as it holds at least 9.9% of the issued and outstanding shares of the Company (on a non-diluted basis), EMX may not sell or transfer common shares of the Company representing 1% or more of the outstanding common shares of the Company in any 30 day period without advance notice to the Company and if the Company fails to identify a purchaser for such shares, only sell such shares by way of a broad distribution, through the facilities of an exchange or trading system.

As consideration for identifying the Tomtebo and Trollberget properties and facilitating completion of the proposed transaction, Vector Geological Solutions, a "non-arm's length party" to the Company will be issued 500,000 common shares in the capital of the Company as a finder's fee (the "**Finder's Fee Shares**"). The issue of the Finder's Fee Shares is subject to Exchange acceptance and, if so accepted, will be subject to a hold period of four months and one day.

District Metals Corp. is pleased to announce that our corporate website has been updated at www.districtmetals.com where our new corporate presentation is now available.

Figure 1: Location Map of Tomtebo and Trollberget Properties



Note: The nearby mines provide geologic context for Tomtebo and Trollberget, but this is not necessarily indicative that the Properties host similar grades or tonnages of mineralization.

References

¹ Ed. Eilu, Pasi, 2012, Geological Survey of Finland, Special Paper 53, Metallogenic areas in Sweden, p. 154.

² Geological Survey of Sweden report grb_097, 1997.

³ Technical Report on Tomtebo Mine, Birger Hellegren, 1983.

⁴ Tumi Resources Ltd. News Release, September 4, 2007. True widths of the channel samples are unknown.

⁵ Allen, R.L., Lundström, I., Ripa, M., and Christofferson, H., 1996, Facies analysis of a 1.9 Ga, continental margin, back-arc, felsic caldera province with diverse Zn-Pb-Ag-(Cu-Au) sulfide and Fe oxide deposits, Bergslagen region, Sweden: *Economic Geology*, v. 91, p. 979–1008.

⁶ https://www.boliden.com/globalassets/operations/exploration/mineral-resources-and-mineral-reserves-pdf/2019/resources_and_reserves_garpenberg_2019-12-31.pdf

Technical Information

All scientific and technical information in this news release has been prepared by, or approved by Garrett Ainsworth, PGeo, President and CEO of the Company. Mr. Ainsworth is a qualified person for the purposes of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

Mr. Ainsworth has not verified any of the information regarding any of the properties or projects referred to herein other than the Tomtebo and Trollberget Properties. Mineralization on any other properties referred to herein is not necessarily indicative of mineralization on the Tomtebo and Trollberget Properties.

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 that may be considered “forward-looking statements” with respect to District Metals Corp. (“District Metals” or the “Company”) within the meaning of applicable securities laws. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “is positioned”, “estimates”, “intends”, “assumes”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, predictions, indications, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events.

Forward-looking statements relating to District Metals include, among other things, statements relating to: timing of the closing of the proposed acquisition of the Tomtebo Project including receipt of all regulatory approvals and satisfaction of all other conditions precedent; completion of the expenditure requirements thereunder, future commodity prices; District Metals’ planned exploration activities including costs, timing and results thereof; the

adequacy of the Company's financial resources and ability to raise additional funds as and when required and on reasonable terms; and timing, receipt and maintenance of all required approvals, consents and permits under applicable legislation.

These statements and other forward-looking information are based on opinions, assumptions and estimates made by District Metals in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, as of the date of this news release, including, without limitation, assumptions about the receipt of all regulatory approvals to the completion of the proposed transaction; satisfaction of all conditions precedent to completion of the acquisition of the Properties; the Company's ability to raise sufficient capital to fund planned exploration activities, maintain corporate capacity and satisfy the exploration expenditure requirements required by the Purchase Agreement by the times specified therein (failing which the Properties will be forfeited without any repayment to the Company); and stability in financial and capital markets.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by District Metals as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the following factors: a number of conditions precedent must be satisfied for the acquisition of the Properties to be completed (including regulatory approval); the risk that the Company will be unable to raise sufficient capital to maintain its mineral tenures and concessions in good standing, finance planned exploration (including incurring prescribed exploration expenditures required by the Purchase Agreement) and for general corporate purposes, the risk that the Company will not be able to explore and develop the Properties; the risk that if the required exploration expenditures are not incurred by the time specified therefor the Properties will be forfeited without any repayment of the purchase price; management and conflicts of interest; fluctuations in demand for, and prices of gold, silver and copper; inherent risks of exploration for mineral deposits, including that commercial quantities or grades of minerals may not be discovered; risks associated with the uncertainty of estimates of mineral resources governmental regulations, particularly those applicable to the mineral exploration and development industry; environmental laws and regulations and associated risks, including climate change legislation; land reclamation requirements; the ability to obtain and maintain necessary rights, concessions and permits; risks of operating in a foreign jurisdiction and through foreign subsidiaries; a dependence on ability to attract and retain qualified management; limitations of insurance and uninsured risks; public social activism against companies undertaking natural resource development; risks associated with First Nations relations; competition; legal proceedings and the enforceability of judgments; anti-corruption and bribery regulations;; market events and general economic conditions globally; currency exchange rate risks; These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect District Metals. These factors and assumptions, however, should be considered carefully.

Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of such factors are beyond the control of the Company. Accordingly, readers should not place undue reliance on forward-looking statements or information. The forward-looking information is made as of the date of this news release), and the Company assumes no obligation to publicly update or revise such forward-looking information