



District Executes Definitive Agreement to Acquire the Svärdsjö Property in the Bergslagen Mining District of Sweden

Vancouver, B.C.

July 22, 2021

July 22, 2021 – District Metals Corp. (TSX-V: DMX) (FRA: DFPP); (“District” or the “Company”) is pleased to announce the Company has executed a definitive purchase agreement dated July 20, 2021 (the “**Purchase Agreement**”) with a wholly-owned subsidiary of EMX Royalty Corp. (TSX-V:EMX) (“**EMX**”) to acquire 100% ownership of the Svärdsjö Property (Figures 1 and 2) in the prolific Bergslagen District of Sweden, which hosts Boliden’s Garpenberg Mine and Lundin Mining’s Zinkgruvan Mine. Upon closing the acquisition of the Svärdsjö Property the Company’s primary focus will remain on aggressively advancing the highly prospective Tomtebo Property.

Garrett Ainsworth, CEO of District, commented: “Since acquiring our flagship Tomtebo Property in June 2020 our belief in the potential to discover a significant high grade polymetallic deposit in the Bergslagen District has only increased. Over the past year we have been reviewing numerous properties to complement the Tomtebo Property as part of our corporate objective to become a dominant exploration and development company in the Bergslagen District. The addition of the Svärdsjö Property is highly accretive to our property portfolio as it is an advanced stage exploration property with several historic mines and occurrences that show high grade polymetallic targets similar to our Tomtebo Property. It is a pleasure to enter into our second property acquisition in the Bergslagen District with our partner EMX.”

Svärdsjö Property Highlights

- Svärdsjö is an advanced stage exploration property that covers an area of 1,037 ha, and is located approximately 200 km northwest from the capital city of Stockholm in Sweden.
- Boliden’s Garpenberg Mine is located 45 km to the southeast, and the historic Falun Mine is located 15 km to the southwest. Lundin’s Zinkgruvan Mine is located 200 km to the southwest.
- Svärdsjö is located 25 km to the north of the Tomtebo Property, and contains similar host rocks, structure, alteration, and mineralization styles as the Garpenberg Mine, Historic Falun Mine, and the Tomtebo Property.

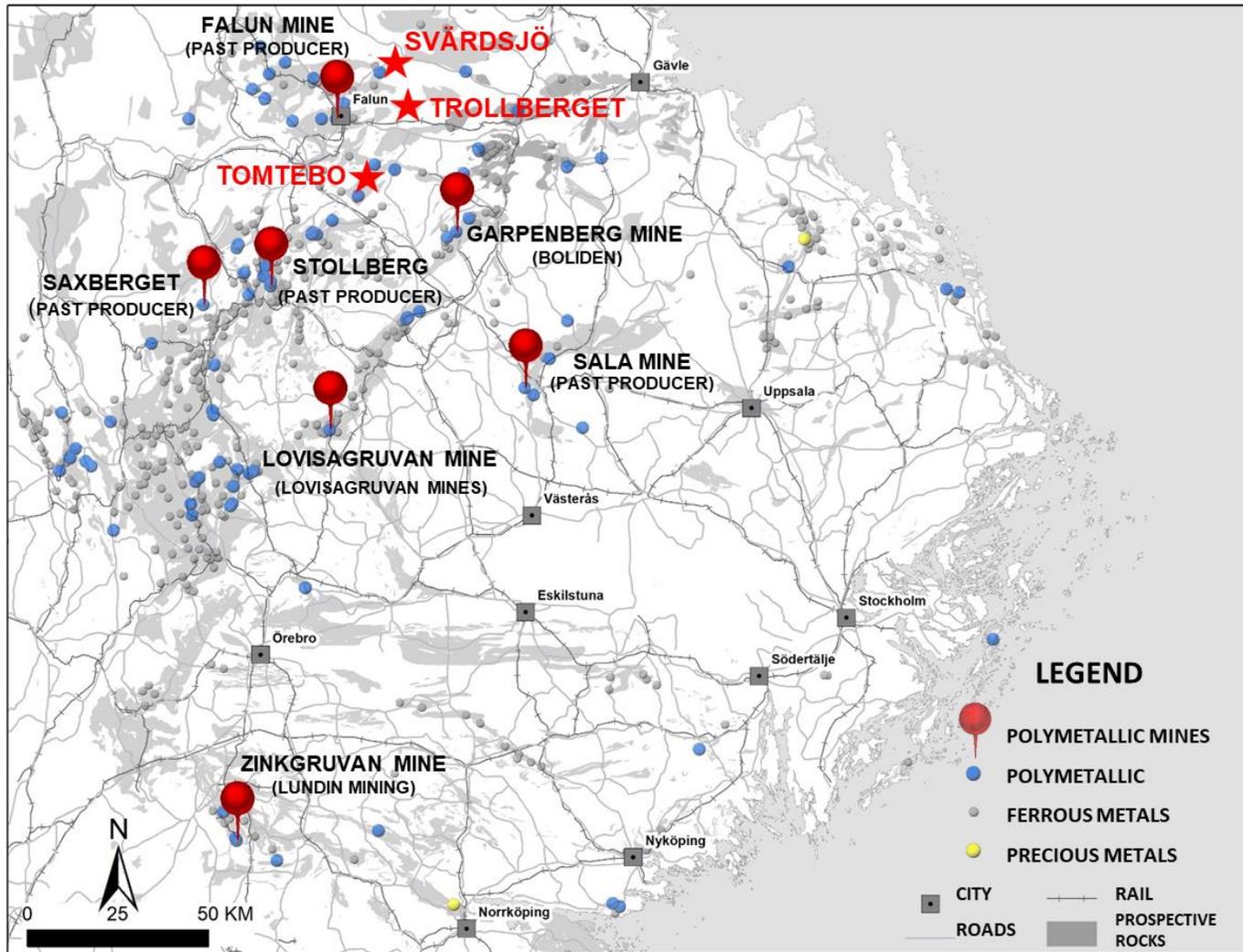
- Several historic mines, numerous mineralized prospects and multiple untested targets are situated on the Svärdsjö Property.
- Mining activities date back to the 14th century, and records show that the historic Svärdsjö Mine (1887-1989) produced **1.03 Mt at 112 g/t Ag, 6.0% Zn, 2.7% Pb, 0.6% Cu and 0.4 g/t Au¹**.
- Mining at the historical Svärdsjö Mine reached a depth of 390 m where mineralization appears open at depth and along strike. Operations at Boliden's Garpenberg Mine and Lundin Mining's Zinkgruvan Mine are currently at depths of 1400 m and 1300 m, respectively.
- Boliden conducted extensive exploration work on the Svärdsjö Property from 2009 until 2019. Boliden was not granted an extension to their exploration permit, and EMX claimed the Svärdsjö license area.

The Purchase Agreement

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

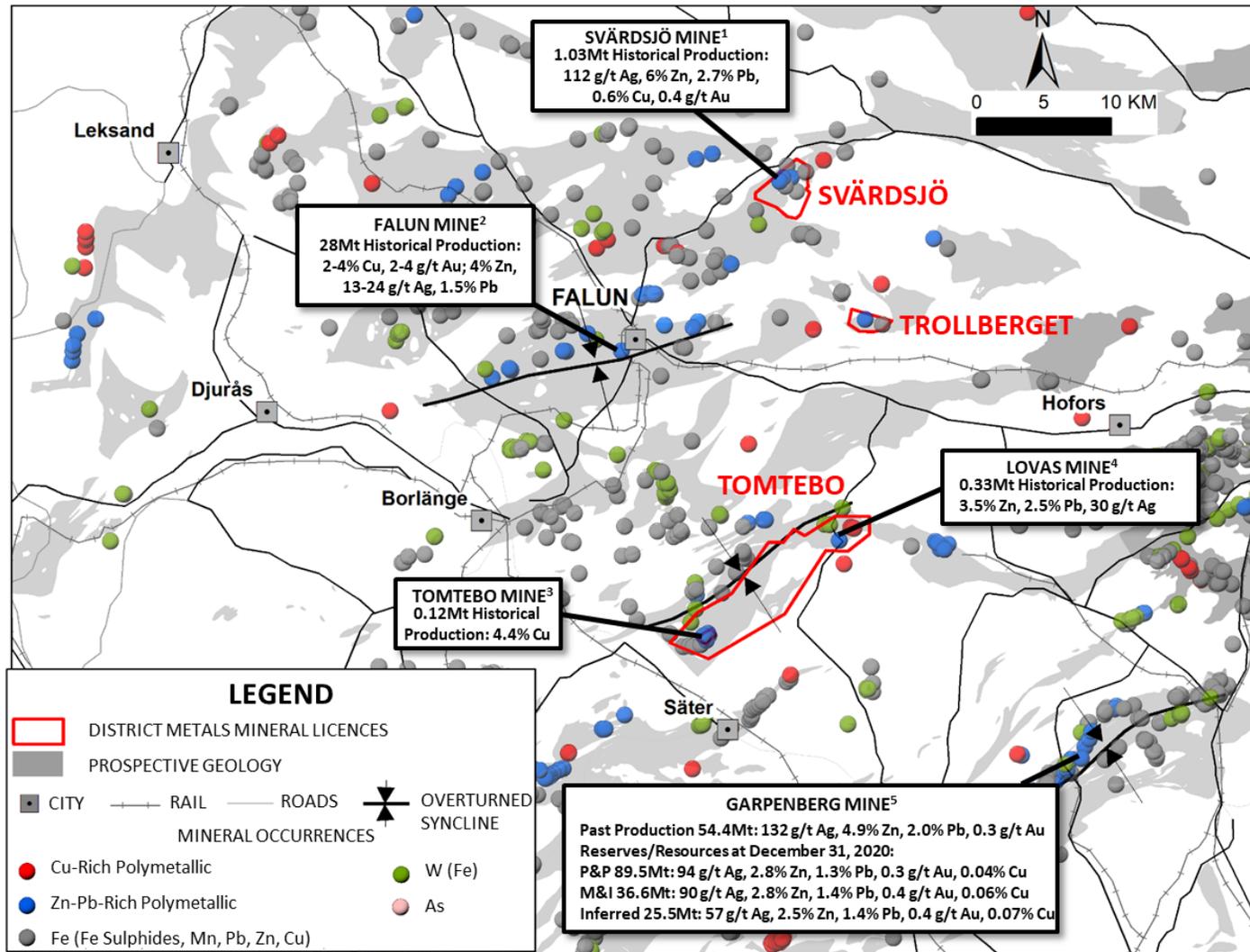
- At closing of the proposed transaction District will:(i) make a cash payment of \$35,000 to EMX; and (ii) issue EMX 1,659,084 common shares of District, representing EMX's increase of equity ownership from 8.0% to 9.9% in District (on a non-diluted basis).
- To retain the Property, District must: (i) incur \$1,000,000 of eligible expenditures on the Svärdsjö Property within five years of the closing of the proposed transaction including at least \$150,000 in expenditures per year; and (ii) complete a minimum of 3,500 m of drilling within five years of the closing of the proposed transaction.
- Upon announcement of each of a mineral resource estimate and preliminary economic assessment, District 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 District (based on the 20 day volume weighted average trading price of District's common shares on the TSX Venture Exchange).
- District will reimburse EMX for the mineral license fee for years 2 and 3 that were pre-paid by EMX, which equals approximately \$2,500.
- District will grant EMX a 2.5% net smelter returns royalty on the Svärdsjö Property 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 District 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.

Figure 1: District Metals Mineral Licenses in the Bergslagen Mining District



Note: The nearby mines provide geologic context for District's Properties, but this is not necessarily indicative that the properties host similar tonnages or grades of mineralization.

Figure 2: Location Map of Svärdsjö Property



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References

¹ Sveriges Geologiska Undersökning (SGU) Map Viewer:

<https://apps.sgu.se/kartvisare/kartvisare-malm-mineral.html>

² 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.

³ Ed. Eilu, Pasi, 2012, Geological Survey of Finland, Special Paper 53, Metallogenic areas in Sweden.

⁴ Geological Survey of Sweden report grb_097, 1997.

⁵ <https://www.boliden.com/globalassets/operations/exploration/mineral-resources-and-mineral-reserves-pdf/2020/resources-and-reserves-garpenberg-2020-12-31.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 Svärdsjö and Tomtebo Properties. Mineralization on any other properties referred to herein is not necessarily indicative of mineralization on the Svärdsjö or Tomtebo Properties.

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 is located in the Bergslagen Mining District of south-central Sweden is the Company's main focus. Tomtebo comprises 5,144 ha, and is situated between the historic Falun Mine and Boliden's Garpenberg Mine that are 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 on, and modern systematic exploration has never been conducted on the Property.

For further information on the Tomtebo Property, please see the technical report entitled “NI 43-101 Update Technical Report on the Tomtebo Project, Bergslagen Region of Sweden” dated effective October 15, 2020 and amended and restated on February 26, 2021, which is available on SEDAR at www.sedar.com.

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 information” with respect to the Company within the meaning of applicable securities laws. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “is positioned”, “estimates”, “intends”, “assumes”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved” and any similar expressions. In addition, any statements that refer to expectations, predictions, indications, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events. Forward-looking statements in this news release relating to the Company include, among other things, statements relating to the Company’s intention that, upon closing the acquisition of the Svärdsjö Property, its primary focus will remain on advancing its material property, the highly prospective Tomtebo Property; the Company’s belief in the potential to discover a significant high grade polymetallic deposit in the Bergslagen District; the Company’s objective to become a dominant exploration and development company in the Bergslagen District; the Company’s belief that it has identified high grade polymetallic targets on the Svärdsjö Property which are similar the Tomtebo Property.

*These statements and other forward-looking information are based on opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, as of the date of this news release, including, without limitation, assumptions about the reliability of historical data and the accuracy of publicly reported information regarding past and historic mines in the Bergslagen district; 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 definitive purchase agreement between the Company and the vendor of the Tomtebo Property (the “**Tomtebo Purchase Agreement**”) by the times specified therein; 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 the Company as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks associated with the following: the reliability of historic data regarding the Company’s properties; the Company’s ability to raise sufficient capital to finance planned exploration (including incurring prescribed exploration expenditures required by the Tomtebo Purchase Agreement, failing which the Tomtebo Property will be forfeited without any repayment of the purchase price); the Company’s limited operating history; the Company’s negative operating cash flow and dependence on third-party financing; the uncertainty of additional funding; the uncertainties associated with early stage exploration activities including general economic, market and business conditions, the regulatory process, failure to obtain necessary permits and approvals, technical issues, potential delays, unexpected events and management’s capacity to execute and implement its future plans; the Company’s ability to identify any mineral resources and mineral reserves; the substantial expenditures required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources; the Company’s dependence on one material project, the Tomtebo Property; the uncertainty of estimates used to calculate mineralization figures; changes in governmental regulations; compliance with applicable laws and regulations; competition for future resource acquisitions and skilled industry personnel;

reliance on key personnel; title matters; conflicts of interest; environmental laws and regulations and associated risks, including climate change legislation; land reclamation requirements; changes in government policies; volatility of the Company's share price; the unlikelihood that shareholders will receive dividends from the Company; potential future acquisitions and joint ventures; infrastructure risks; fluctuations in demand for, and prices of gold, silver and copper; fluctuations in foreign currency exchange rates; legal proceedings and the enforceability of judgments; going concern risk; risks related to the Company's information technology systems and cyber-security risks; and risk related to the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. For additional information regarding these risks, please see the Company's Annual Information Form, under the heading "Risk Factors", which is available at www.sedar.com. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the Company. These factors and assumptions, however, should be considered carefully. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking 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, except as required by applicable securities laws. All scientific and technical information contained in this news release has been prepared by or reviewed and 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.