

District Metals Corp.

Company Description

Company Description of District Metals Corp. regarding the Application for Admission to trading on
Nasdaq First North Growth Market

Important information about Nasdaq First North Growth Market

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

IMPORTANT INFORMATION

General

This Company Description does not constitute a prospectus and has therefore not been prepared in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") and has not been reviewed, registered or approved by the Swedish Financial Supervisory Authority. The Company Description has only been prepared in connection with the application for continued listing of the Company's shares on Nasdaq First North Growth Market and does not contain any offer to the public to subscribe for or otherwise acquire shares or other financial instruments in the Company, either in Sweden or in any other jurisdiction. The Company Description, or other material related to the Company Description, may not be distributed or published in any jurisdiction other than in accordance with applicable laws and regulations. The recipient of the Company Description is obliged to inform itself of and comply with these restrictions and may not publish or distribute the Company Description in violation of applicable laws and regulations. Actions in violation of these restrictions may constitute a breach of applicable securities legislation. Disputes arising from the content of the Company Description and related legal relationships shall be settled exclusively by Swedish courts. Swedish substantive law is exclusively applicable to this Company Description and related documents. This Company Description and the documents incorporated by reference are available in electronic form on the companies' website, <https://www.districtmetals.com>. The Company Description has been reviewed by Nasdaq Stockholm AB.

Risks

An investment in shares is associated with certain risks (investors are therefore encouraged to particularly read the section "**Risk factors**"). When an investor makes an investment decision, he or she must rely on his or her own analysis of the Company, including present facts and risks. Prior to an investment, potential investors ought to consult their own professional advisors to diligently evaluate an investment consideration. No individual has been authorised to provide any information or make any other statements other than those included in the Company Description. If given or made, such information or representation may not be relied upon as having been authorised by the Company nor should the Company be held responsible for such information or statements.

Industry and market information

The Company Description contains data, statistics, forecasts and other information concerning markets, market size, market positions and other industry data associated with the Company's operation and industry. As far as the Company knows and has been able to ascertain, such information has been reproduced in a correct manner and no information, whose absence would make the reproduced information inaccurate and deceptive, has been omitted. Market publications and reports regularly indicate that the information it contains originates from sources that are considered reliable, yet they cannot guarantee its correctness nor completeness. The Company has not on its own verified the information in the Company Description that originates from external sources, thus the Company cannot guarantee its correctness nor completeness. Market data and statistics can be forward-looking, be the object of uncertainty, be interpreted subjectively and do not necessarily reflect actual or future market conditions. Such information and statistics are based on market research, which in turn is based on samples, selections, and subjective interpretations and estimations. This includes estimates of what sort of products and transactions the relevant market ought to cover. Consequently, potential investors should be aware that the market information and the forecasts and estimates of the market information in this Company Description do not necessarily constitute reliable indications of the Company's future results.

Presentation of financial information

All the financial figures presented in the Company Description are presented in Canadian dollars ("**CAD**" or "**\$**") unless otherwise stated. Except when expressly stated, no information in the Company Description has been reviewed or revised by the Company's auditors.

Forward-looking statements

The Company Description contains certain forward-looking statements that reflect District Metals Corp.'s views concerning future events and financial and operational performance. Words such as "intends", "assesses", "expects", "can", "plans", "estimates" or other expressions that relate to indications or predictions concerning future development or trends and that are not based on historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known as well as unknown risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements. Factors that could result in District Metals Corp.'s actual earnings and performance deviating from the content of the forward-looking statements include, but are not limited to, the descriptions in the section "*Risk factors*". Forward-looking statements in the Company Description apply only as of the date of this Company Description publication. District Metals Corp. does not undertake to disclose any updates or revisions of forward-looking statements due to new information, future events or other such matters above and beyond what is required according to applicable laws.

Certified and legal adviser

Bergs Securities AB ("**Bergs Securities**") is the Certified adviser and Wåhlin Advokater AB ("**Wåhlin Advokater**") is the legal adviser to the Company in Sweden and have assisted the Company with the establishment of this Company Description. Since all the information in the Company Description originates from the Company, Bergs Securities and Wåhlin Advokater disclaim all responsibility relative to current or future shareholders in the Company as well as any direct or indirect economic consequences related to investment or other decisions that are completely or partly based on the information in this Company Description. Neither Bergs Securities nor Wåhlin Advokater own any shares in the Company.

Information from third parties

The Company Description contains information that has been obtained from third parties. All such information has been reproduced correctly. District Metals Corp.'s board of directors is responsible for this Company Description and has taken all reasonable precautions to ensure that the information provided in the Company Description is factual. Although the Board of directors believes that these sources are reliable, no independent verification has been made, so the accuracy or completeness of the information cannot be guaranteed. As far as the Board of directors knows and can be assured by comparison with other information published by third parties from which the information was collected, no information has been omitted in such a way that could make the information incorrect or misleading.

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Information about the common shares

Number of outstanding common shares	130,592,952
ISIN code	SE0023112941
Short name (ticker)	DMXSE

Financial Calendar

Annual General Meeting 2024	December 12, 2024
Report for First Quarter 2025	November 29, 2024
Report for Second Quarter 2025	February 28, 2025
Report for Third Quarter 2025	May 29, 2025
Annual Report 2025	September 25, 2025
Annual General Meeting 2025	December 10, 2025

Risk Factors

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of District Metals Corp. (the “**Company**” or “**District**”) and could cause the Company’s operating and financial performance to differ materially from the estimates described in forward-looking statements related 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.

This section describes risk factors identified as being potentially significant to the Company and its material properties. Additional risk factors may be included in the Company’s continuous disclosure documents including, but not limited to, the Company’s management discussion and analysis for the year ended June 30, 2024, prepared as of October 24, 2024 and its technical report titled “43-101 Update Technical Report on the Tomtebo Project, Bergslagen Region of Sweden” dated (amended) February 26, 2021, with an effective date of October 15, 2020, , prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”), each of which is available under the Company’s SEDAR+ profile at www.sedarplus.ca. In addition, other risks and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of the Company’s securities, existing business activities, financial condition, results of operations, plans and prospects.

Risks Associated with the Company’s Operations and Mineral Exploration

The risk that that the existing moratorium on uranium exploration and mining in Sweden will not be lifted

There is currently a moratorium on uranium exploration and mining imposed by the government of Sweden (the “**Moratorium on Uranium**”), which has been in place since 2018. The Company has certain uranium exploration assets in Sweden. It is anticipated that the process for lifting the Moratorium on Uranium will move forward in the Swedish Parliament in the coming months. However, the Company cannot predict with any degree of certainty that the Moratorium on Uranium or that the moratorium on the recovery of uranium specifically in a mining scenario will be lifted. Additionally, if the Moratorium on Uranium is lifted, there can be no assurance that the Company will obtain, on reasonable terms or on a timely basis, any of the permits it requires for uranium exploration and mining, or that such laws and regulations relating to uranium exploration and mining would not have an adverse effect on the Company’s business, financial condition and results of operations.

The loss of key personnel could adversely affect the Company’s operations.

The Company’s senior officers are critical to the Company’s success. In the event of the departure of a senior officer, there can be no assurance that the Company would be successful in attracting and retaining qualified successors. Recruiting qualified personnel as the Company grows is critical to the Company’s success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited, and competition for such persons is intense. As the Company’s business activity grows, the Company will require additional key financial, administrative, engineering, geological and other personnel. If the Company is not successful in attracting and training qualified personnel, the efficiency of the Company’s operations could be affected, which could have an adverse impact on future cash flows, earnings, its financial condition or results of operations. The Company is particularly at risk at this stage of its development as the Company relies on a small management team, the loss of any member of which could cause severe adverse consequences.

The natural resource industry is highly competitive, and the Company’s failure to successfully compete could have a material adverse effect on the Company’s business, its financial condition or results of operations.

The Company will actively compete for resource acquisitions, exploration leases, licences, concessions and skilled industry personnel with a substantial number of other mining companies, many of which have significantly greater financial resources than the Company. The Company’s competitors will include major integrated mining companies

and numerous other independent mining companies and individual producers and operators, some of which may have greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company has to withstand losses. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion of their operations than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new properties in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on its business, financial condition or results of operations.

The Company may be unable to obtain the substantial funds required to continue its operations.

Substantial expenditures are required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Reserves and Mineral Resources. Although significant benefits may be derived from the discovery of a major mineralized deposit, the Company may not discover minerals in sufficient quantities or grades to justify a commercial mining operation and the funds required for development may not be obtained on a timely basis or may not be obtainable on terms acceptable to the Company. Estimates of mineral reserves and mineral resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grades of minerals ultimately mined may differ from those indicated by drilling results. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratios or recovery rates may affect the economic viability of any project.

The Company operates in the resource industry, which is highly speculative, and has certain inherent exploration risks which could have a negative effect on its operations.

The Company's mineral properties are in early exploration stages and are without a known body of commercially exploitable resources. Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. The discovery of mineral deposits is dependent upon several factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body will be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon several factors, most of which are beyond the Company's control and may result in the Company not receiving adequate return on investment capital.

The Company has no known mineral reserves or mineral resources on its properties, which could have a negative effect on its operations and valuation.

There are no known bodies of commercial minerals on the Company's mineral properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources and mineral reserves or programs to qualify identified mineralization as mineral reserves. There is no assurance that the Company will be successful in its search for mineral resources and mineral reserves or that its operations will be profitable in the future. There is no certainty that the expenditures to be made by the Company in the exploration of its properties will result in discoveries of mineralized material in commercial quantities. Most exploration projects do not result in the discovery

of commercially mineable deposits and no assurance can be given that any particular level of recovery of mineral reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) mineral deposit which can be legally and economically exploited. If the Company is unsuccessful in its exploration efforts, the Company may be forced to acquire additional projects or cease operations.

The Company has a limited operating history.

The Company has no history of earnings or profitability. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business. The Company has limited financial resources and there is no assurance that additional funding will be available to the Company for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company will be able to generate revenues, operate profitably, or provide a return on investment or that the Company will successfully implement its plans.

No revenue and negative cash flow.

The Company has negative cash flow from operating activities and does not currently generate any revenue. The Company has not commenced development or commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as a result of the consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct time consuming exploration and development. There can be no assurance that the Company will ever generate positive operating cash flow or achieve profitability.

The Company's operations are subject to human error.

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Company's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to the Company. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Company might undertake and legal claims for errors or mistakes by the Company's personnel.

The Company conducts mineral exploration in two countries which impose significant governmental regulations on the Company and which could have a negative effect on its operations and valuation.

The Company assets and activities are subject to extensive Canadian and Swedish federal, provincial, territorial and local laws and regulations governing various matters, including, but not limited to: land access, use and ownership; water use; environmental protection; social consultation and investment; management and use of toxic substances and explosives; rights over and management of natural resources, including minerals and water; prospection, exploration, development and construction of mines, production and reclamation; exports and imports; taxation; mining royalties; restrictions on the movement of capital into and out of Sweden (which could impact the Company's ability to repatriate funds to Canada); importation of equipment and goods; transportation; hiring practices and labour standards by the Company and contractors, as well as occupational health and safety, including mine safety; reporting requirements related to investment, social and environmental impacts, health and safety, and other matters; processes for preventing, controlling or halting artisanal or illegal mining activities; and historic and cultural preservation.

The costs and efforts associated with compliance with laws and regulations are already substantial and future laws and regulations, changes to existing laws and regulations or more stringent application and enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, delays in the development of its properties, and even restrictions on or suspensions of its operations. Moreover,

these laws and regulations may allow governmental authorities and private parties to bring complaints or lawsuits against the Company based upon alleged damage to properties and/or injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even actions or inaction by parties from whom the Company acquired its property, and could lead to the imposition of substantial financial judgments, fines, penalties or other civil or criminal sanctions.

While the Company seeks to fully comply with applicable laws, regulations and local practices, failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction, cancellation or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Any such loss, reduction or imposition of partners could have a material adverse impact on the Company's operations or business. Furthermore, increasing complexity of mining laws and regulations may render the Company incapable of strict compliance.

The Company may fail to obtain required permits and licenses which could adversely impact its operations and profitability.

In the ordinary course of business, the Company is required to obtain new governmental permits as well as renew permits for exploration and development activities and any ultimate development, construction and commencement of new mining operations. Obtaining or renewing necessary permits can be a complex and time-consuming process, which at times may involve several political jurisdictions and different government agencies that may not have the necessary expertise, resources or political disposition needed for efficient and timely processing and may require public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within the Company's control, including the interpretation of applicable requirements implemented by permitting authorities and timeframes for agency decisions. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from its mineral properties once in production. Any unexpected delays or costs associated with the permitting process could slow exploration and/or development or impede the eventual operation of a mine and could adversely impact the Company's operations and profitability.

The Company is subject to a variety of risks joint venture-related risks.

The Company is a party to a mineral property earn-in and option agreement (the "**Option Agreement**") with Boliden Mineral AB ("**Boliden**"), pursuant to which Boliden has been granted the right to earn (the "**Earn-In Option**") up an eighty-five percent (85%) interest in the Company's Tomtebo property. Following exercise of the Earn-In Option, the Tomtebo property will be contributed to a joint venture, along with Boliden's Stollberg property, in which the Company will have an initial fifteen percent (15%) interest.

There is no assurance that the Earn-In Option will be exercised or that the Option Agreement will not be terminated by either party for any reason, including a disagreement. Even if the Earn-In Option is exercised, the Company will be exposed to all risks to which participants in mining earn-in and joint ventures are typically exposed. For example, the existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company: disagreement with Boliden on how to explore and develop the properties; inability to exert sufficient influence over strategic decisions made in respect of the properties; inability of Boliden to satisfy or perform its obligations under relevant agreements or to third parties; the determination of Boliden not to fund their *pro rata* portion of exploration, development or construction expenses; and litigation between joint venture partners, joint venture or Company matters. These risks could result in legal liability or affect the Company's ability to advance the Tomtebo property, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be unable to successfully identify suitable acquisition candidates and partners, negotiate acceptable terms or integrate their operations with the Company.

The Company will evaluate from time-to-time opportunities to acquire or enter into joint ventures in respect of mining assets and businesses. These acquisitions and joint ventures may be significant in size, may involve granting rights to third parties, may change the scale of the Company's business and may expose it to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition and joint venture activities will depend on its ability to successfully negotiate arrangements, identify suitable acquisition and joint venture candidates and partners, acquire or enter into a joint venture with them on acceptable terms and integrate their operations successfully with the Company.

Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to maximize the Company's financial and strategic position through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of the Company's present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

The Company is subject to risks related to the Company's relationship with community in which it operates.

The Company's relationships with the community in which it operates are critical to ensure the future success of its existing operations and the construction and development of the Company's mineral properties. While the Company is committed to operating in a socially responsible manner, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company may be unable to protect its information systems or prevent cyber-attacks and security breaches.

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in IT system failures, delays and/or increase in capital expenses. The failure of IT systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The Company's inability to access adequate infrastructure for its exploration, development and processing activities could negatively affect its business, financial condition, results of operations, cash flows or prospects.

Exploration, development and processing activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay the exploration or development of the Company's mineral properties. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Company's mineral properties will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, civil unrest, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the Company's operations. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to carry out exploration and future development operations and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company is subject to political regulatory risks which may adversely affect its ability to continue to explore, develop and operate its properties.

Any changes in government policy may result in changes to laws affecting ownership of assets, exploration policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as the Company's ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which the Company has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

The Company is subject to substantial environmental requirements which could cause a restriction or suspension of its operations.

Environmental and other regulatory requirements will affect the Company's future operations, including exploration and development activities and commencement of production on the Company's mining properties. Such projects will require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing exploration, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities often experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Additional permits and studies, which may require that environmental impact studies be conducted before permits can be obtained, may be necessary prior to operation of the Company's mining properties and there can be no assurance that it will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of ore extraction facilities at the Company's mining properties on terms which enable operations to be conducted at economically justifiable costs.

The Company's failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of the mining exploration activities and may have civil or criminal fines or penalties imposed on the Company for violations of applicable laws or regulations and environmental laws.

Amendments to current laws, regulations, and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause

increases in capital expenditures or exploration costs or require abandonment or delays in the exploration or future development of new mining properties.

The Company's mineralization estimates may be inaccurate, which could negatively impact its projected revenues and cause the Company to fail to obtain the necessary capital to operate.

Unless otherwise indicated, mineralization figures presented by the Company in filings with securities regulatory authorities, press releases and other public statements that may be made from time to time, are based upon estimates made by the Company's personnel and independent geologists. These estimates are inherently imprecise, as they depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. As a result, there can be no assurance that mineral resource or other mineralization figures or estimates of costs (including initial capital costs and initial capital intensity) and expenses will be accurate, nor that the resource mineralization could be mined or processed profitably.

The Company is dependent on a single material mineral property, and the Company's failure to explore and develop this property would adversely affect its future revenue and profits.

The Company currently has only one material project, the Tomtebo property, and, in the absence of additional mineral projects, the Company is solely dependent upon its exploration and development for future revenue and profits. Should additional exploration and development of the Tomtebo property not be possible or practicable for political, engineering, technical or economic reasons, then the Company's business and financial position will be significantly and adversely affected.

The Company has no guarantee of clear title to its mineral properties, and could lose title and ownership of its properties, which would have a negative effect on its operations and valuation.

Although the Company has or will receive title opinions for any material properties in which it has an interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's properties may be subject to prior unregistered agreements or transfers or Indigenous land claims and title may be affected by unidentified or unknown defects. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claims to individual mineral properties or mining concessions may be constrained. A successful challenge to the Company's title to a property or to the precise area and location of a property could cause delays or stoppages to the Company's exploration activities or loss of the Company's rights to explore, develop and extract any ore on that property without reimbursement to the Company. Any such delays, stoppages or loss of title would likely have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be subject to a variety of civil or other legal proceedings, which may adversely affect its business, financial condition or results of operations.

The Company and/or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, financial condition or results of operations.

Financing Risks

The Company has negative operating cash flow and is dependent on third-party financing.

The Company does not have a source of operating cash flow and there can be no assurance that it will ever generate earnings or achieve profitability. Accordingly, the Company is dependent on third-party financing to

continue exploration activities, maintain capacity, and satisfy contractual obligations. The Company has negative cash flow from operating activities in its most recently completed financial year, and proceeds from any financings will be used to fund anticipated negative cash flow from operating activities in both current and future periods. The amount and timing of expenditures will depend on several factors, including in material part the progress of ongoing exploration, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the entering into of any strategic partnerships, and the acquisition of additional property interests. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties or require the Company to sell one or more of its properties.

The Company may be unable to obtain the additional funding it needs to continue its operations.

The Company is dependent on third-party financing, whether through debt, equity or other means. There is no assurance that it will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company. Volatile resource markets, a claim against the Company, a significant event disrupting the Company's business or other factors may make it difficult or impossible to obtain financing through debt, equity or other means on favourable terms, or at all. In addition, any future financing may also be dilutive to the Company's existing shareholders.

The Company operates in Sweden and is subject to currency fluctuations which could have a negative effect on its operating results.

The Company reports its financial results and maintains its accounts in Canadian dollars. The Company's operations in Sweden make the Company subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results. The Company has not hedged its exposure to currency fluctuations and, accordingly, the Company may suffer losses due to adverse foreign currency fluctuations.

The Company may be unable to continue as a going concern.

The Company's consolidated audited financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for the Company's ongoing operating expenditures and meet the Company's 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. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financings or in achieving profitability.

Risks Relating to the Company's Common Shares

The Company is subject to risks arising from maintaining regulatory compliance as a dual listed Company.

As a reporting issuer listed on the TSX Venture Exchange (the "TSXV") and the Nasdaq First North Growth Market (the "First North Growth Market"), the Company will be subject to various rules and regulations governing matters such as timely disclosure, continuous disclosure obligations and corporate governance practices. Non-compliance with such rules and regulations may result in enforcement actions by the applicable securities regulatory authorities and/or the TSXV and the First North Growth Market. The costs and efforts associated with compliance as well as potential enforcement actions could have an adverse effect on the Company's business, financial condition or results of operations.

The market for the Company's Common Shares is subject to volume and price volatility which could negatively affect a shareholder's ability to buy or sell the Company's Common Shares.

In recent years, the securities markets in Canada and the United States, and on the TSXV in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares in the capital of the Company (the “**Common Shares**”) will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows, or earnings.

The price of the Company's Common Shares may be adversely affected by declines in the prices of certain minerals.

The price of the Common Shares, the Company's financial results, exploration and development activities may in the future be adversely affected by declines in the prices of certain minerals. Prices for minerals fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of commodities by various central banks and financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's future revenues, if any, are expected to be in large part derived from mining and sale of metals or interests in properties related thereto. The effect of these factors on the price of metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

The Company does not intend to pay dividends on its Common Shares and, consequently, the ability to achieve a return on an investment will depend on appreciation in the price of the Company's Common Shares.

Because the Company has no near-term plans to pay cash dividends on its Common Shares, investors must look solely to share appreciation for a return on their investment. The Company anticipates retaining all available funds and any future earnings to finance the Company's further growth and there is no expectation that the Company will declare or pay any cash dividends on its Common Shares in the near term. Accordingly, investors will only see a return on their investment if the value of the Company's Common Shares appreciates.

Certain of the Company's officers and directors may have conflicts of interest, which could have a negative effect on its operations.

Members of the board of directors of the Company (the “**Board**”) may become directors of other reporting companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.

The Company will be subject to certain reporting requirements in Canada as a result of the First North Growth Market listing.

Under Canadian securities laws, the Company will cease to be a “venture issuer” with the listing of the SDRs on First North Growth Market. As a result, under Canadian securities laws the Company will be subject to the continuous disclosure requirements of non-venture issuers. The Company has applied for exemptive relief from applicable Canadian securities regulatory authorities that despite the listing of the SDRs on First North Growth Market, the Company will continue to be a “venture issuer” for the purposes of Canadian securities laws. There is no guarantee that the Company will receive the requested relief and receipt of the exemptive relief remains at the discretion of applicable Canadian securities regulatory authorities. There may increased costs associated with compliance with Canadian securities laws as a non-venture issuer. Non-compliance with such rules and regulations may result in enforcement actions by the applicable Canadian securities regulatory authorities.

General Risks

The Company is subject to risks arising from global conflicts.

Global conflicts, including the continued conflict between Ukraine and Russia and the evolving conflict in the Middle East are creating, and are likely to continue to create, impacts on global economic markets that are unpredictable. Global conflicts could lead to further volatility in the global financial markets, increased inflation and turbulence in mining markets. Several countries have imposed economic sanctions and export control measures on Russia and may impose additional sanctions or export control measures in the future, which have and could in the future result in, among other things, severe or complete restrictions on exports and other commerce and business dealings involving Russia, certain regions of Ukraine, and/or particular entities and individuals. While the Company does not have any direct exposure or connection to Ukraine and Russia or the Middle East, it is uncertain as to how such events and any related economic sanctions could impact the global economy. Any negative developments in respect thereof could have an adverse effect on the value of the Company's securities and the Company's business, financial condition and results of operations.

The Company is subject to risks arising from public health crises.

The Company's business, financial condition and results of operations could be materially and adversely affected by the outbreak of epidemics or pandemics or other public health crises. Public health crises can result in volatility and disruptions in the supply and demand for metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation.

The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. Any of these could affect the Company's ability to advance exploration and development with such risks to include challenges in recruiting and retaining staff and personnel, restricted access for employees and contractors, equipment and materials not being delivered to site on schedule or at all, and further inefficiencies required to be put in place to health and safety resulting in less productivity.

Background and motive for listing

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. District is a polymetallic exploration and development company focused on the Tomtebo Property in Sweden and has been operating in Sweden since June 2020. The Company holds multiple exploration assets in Sweden, further described in the "Business Overview".

Throughout 2023 and 2024, District experienced a significant increase in Swedish shareholders on our share registry, which the Company believes may be related to the excitement surrounding District's 100% owned Viken energy metals deposit combined with the potential lifting of the uranium moratorium in Sweden. This encouraging dynamic has led the Company to commence preparations for an application to obtain a secondary listing on the First North Growth Market to allow for Swedish investors to more easily invest in District, thereby strengthening the Company's shareholder base and increasing the Company's access to capital.

As such, District's management and board of directors believe that a listing on the First North Growth Market is in the best interest of the Company's shareholders.

The board's declaration

We, the board of District Metals Corp., declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of Board meetings, auditors' records and other internal documents is included in the Company Description.

January 17, 2025

The board of directors

District Metals Corp.

Message from the CEO

District Metals Corp. entered Sweden in June 2020 with our acquisition of the base metal polymetallic Tomtebo Property located in the Bergslagen Mining District of south-central Sweden where polymetallic includes metals such as zinc, lead, silver, copper, and gold. The Tomtebo Property brought us to Sweden given its prospectivity

to potentially discover a globally significant polymetallic mineralized system such as Boliden's Garpenberg Mine or Lundin Mining's Zinkgruvan Mine. The immense size and scale of known polymetallic deposits within the Bergslagen in combination with large tracks of prospective land that remain under- or un-explored presents District with an opportunity to use modern exploration techniques to potentially make the next significant polymetallic discovery in the region.

After initial exploration and drilling success at the Tomtebo Property in 2021 and 2022 along with confidence in the jurisdiction, the Company acquired two more polymetallic properties, Gruvberget and Svärdsjö, which are also located in the Bergslagen District. During this time the demand for battery metals was becoming more pronounced, and District became prepared to answer the call with these three advanced staged base metal polymetallic projects. In October 2023, District and Boliden agreed to collaborate on the exploration of our Tomtebo Property and Boliden's advanced polymetallic Stollberg Property pursuant to which Boliden agreed to spend CAD\$10M over four years with District acting as operator of the exploration to be conducted on both properties.

In February 2022, Russia's invasion into Ukraine resulted in soaring energy costs that have contributed to a realization from developed countries that a low-carbon economy with net-zero carbon aspirations must also include nuclear energy as a low cost and reliable baseload source of electricity. Sweden was not immune to the energy price spikes seen across Europe and elsewhere globally. It was timely when a center-right coalition government formed in October 2022, which indicated support for expanding nuclear power and an intention to lift the current moratorium on uranium mining in Sweden.

District seized the opportunity presented by the positive turn in the sentiment towards nuclear energy and uranium in 2023 and 2024 by acquiring 100% of the Viken Energy Metals Deposit and several other uranium polymetallic projects in Sweden. The Viken Deposit contains a breadbasket of important and critical raw materials that includes vanadium, potash, nickel, molybdenum, copper, zinc, and potentially rare earth elements. The addition of these uranium polymetallic properties rounds out the Company's focus on raw materials that are required for the green energy transition, electrification of society, and agricultural supply chains.

The recent nuclear renaissance and associated positive demand for uranium is underpinned by fundamentals that have never been seen before, and includes: developed nations are calling for only electric vehicle sales by 2035 to 2050, the emergence of energy intensive cryptocurrency mining, and the development of major data centers to support artificial intelligence are all leading factors driving the current nuclear renaissance. On the uranium supply side there is a lack of material supply coming online in the short term, and the security of supply has been disrupted due to geopolitical turmoil. District has strategically positioned itself to sustainably supply and capitalize on the current and future outlook for important and critical raw materials.

Furthermore, the European Commission published the fifth list of critical raw materials in 2023 to further encompass the importance of raw materials that Europe requires to reach its net-zero carbon objectives during a time where global trade protectionism is increasing due to geopolitical tensions.

In summary, District has been tirelessly acquiring and exploring mineral properties for important and critical raw materials in Sweden since June 2020. We believe that these efforts have yielded a highly prospective package of mineral properties that cover all of the energy and agricultural materials needed for the future of Sweden and Europe. The future of District looks exceptionally bright given our strong portfolio of mineral properties, our experienced team, the political forces driving the green energy transition, and the strong demand metrics for the raw materials to make it all happen.

Garrett Ainsworth

CEO, District Metals Corp.

Vancouver, British Columbia, Canada, January 17, 2025

Business overview

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.

District continues to identify, evaluate and negotiate additional exploration opportunities across Sweden. The Company's experience and presence in the area provides the foundation and opportunity for growth.

The Company's properties comprise 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 (as defined below and which include the Viken property) located in Sweden.

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 returns ("NSR") royalty 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 in fiscal 2021, except for certain payments due upon a mineral resource estimate and/or preliminary economic assessment. In addition, EMX retains a 2.5% NSR royalty on the Tomtebo property.

On October 27, 2023, the Company entered into a mineral property earn-in and option agreement (the "Earn-In Agreement") with 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.

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) 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.

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.

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.

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”).

Additional 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;
- Sågtjärn 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 Österkälén 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 additional 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 Common Shares issued to the vendor on closing (issued January 15, 2024 with a fair value of \$250,000).
- 3,500,000 Common Shares to be issued to the vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted. These Common Shares will be subject to a voluntary lock-up pursuant to which 500,000 Common Shares will be released four months after issuance, 500,000 Common Shares will be released six months after issuance, 1,000,000 Common Shares will be released twelve months after issuance, 1,000,000 Common Shares will be released 18 months after issuance and 500,000 Common 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.

On January 8, 2025, the Company announced that it had entered into a definitive royalty purchase agreement with an arm's length vendor to acquire the 2% NSR royalty previously granted by the Company over the four additional mineral licenses covering the Viken deposit pursuant to the Viken Extension Agreement (the "Viken Royalty Purchase Agreement"). As a result, subject to closing, District's 100% owned Viken Deposit is free of any NSR royalty. Pursuant to the Viken Royalty Purchase Agreement, District will acquire the 2% NSR for a purchase price consisting of 500,000 common shares of District (the "Viken Royalty Consideration Shares"). Closing of the Viken Royalty Purchase Agreement remains subject to TSXV approval. The Viken Royalty Consideration Shares will be subject to a hold period of 4 months and one day, from the date of issue.

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.

Market overview

The following industry overview describes the Company's target market in terms of size, development and prospects for future growth.

The Company's principal mineral assets are directed towards the future production of zinc, copper, uranium, and vanadium for high growth markets, and it is anticipated that any future economic benefit to the Company will be driven by its participation in these markets. Accordingly, this section focuses on the current and future markets for zinc, copper, uranium, and vanadium and the end uses of these commodities.

The information included in this section has been largely derived from annual reports and other sources of information from industry-leading major mining companies of zinc, copper, uranium, and vanadium.

Pursuant to its investment strategy, the Company's long-term view of these markets is positive, with the expectation that over time tightening supply and growing demand will contribute to stronger commodity prices and will require development of new projects.

Introduction

The Company's current portfolio of mineral properties is directed towards the future production of important and critical metals that include zinc, copper, uranium, and vanadium. For example, copper and vanadium were named "Critical Raw Materials" by the European Commission in a list published May 26, 2023, due to the importance of those minerals to European industry, generally, the lack of viable substitutes, and the high dependence on imports often from politically unstable regions.

Through its existing mineral property assets and future investments, District seeks to capitalize on the opportunities arising from a growing demand for these important and critical raw materials. The green energy transition that includes reduced carbon power generation and electrification of transport is believed to be the

most significant demand driver of raw materials. Until recent years these raw materials were only required in relatively small volumes, but the shift from heavy fossil fuel consumption to a world with net-zero carbon footprint has dramatically altered the demand side.

With the transition to clean energy accelerating on a global scale it is likely we are entering a multi-year period of growth and a new era for broad-based copper demand. Copper is vital to energy efficiency, and global decarbonization is expected to drive the intensity of copper use. For example, electric vehicles use up to four times more copper than internal combustion engines (source: <https://www.fcx.com/about/copper-at-a-glance>). Other important uses of copper are applicable to infrastructure, technology, and antimicrobial purposes.

Another critical raw material of importance is vanadium, which is used in master alloying, various steel applications, chemicals/catalysts and vanadium redox flow batteries ("VRFB"), a type of rechargeable flow battery. Vanadium demand is expected to increase due to a greater allocation of vanadium units for energy storage applications, increased high purity sector demand, and continuing investments in infrastructure, however, industry estimates do not consider the explosive growth in Chinese VRFB deployments expected over the coming years. VRFB are one of the emerging energy storage techniques being developed with the purpose of effectively storing renewable energy that is essential to a low-carbon future.

Market Segment

Zinc

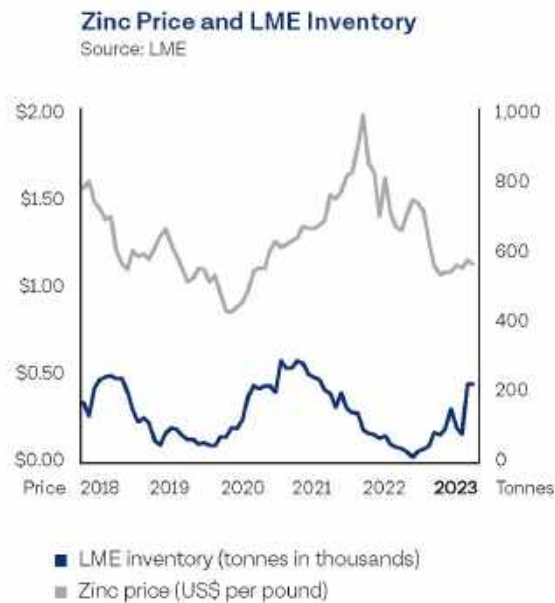
Zinc is used in batteries, pharmaceuticals and a wide variety of other uses, but the main application of zinc is in galvanizing steel. The lifespan of steel constructions can be extended by up to 100 years by applying a thin layer of zinc to steel to prevent rusting. By increasing the longevity of steel, carbon emissions are reduced, and investments in infrastructure become more sustainable. The demand for zinc is expected to increase in the coming years along with the global green energy transition and an increase in infrastructure build out.

Despite these expectations, demand for zinc declined by 10 percent in Europe and global demand for zinc developed poorly in 2023. Global demand remained unchanged from the previous year, which was largely due to decreased activity in the construction sector that was severely affected by high interest rates that reduced demand for housing. Zinc demand from the automotive industry was more positive. Europe's largest market is Germany which experienced a strong increase in produced units, but production remained below pre-Covid-19 levels. Overall, consumers remained cautious given the energy crisis of 2022. As expected, zinc prices performed very poorly in 2023 and decreased by an average of 24 percent during the year despite significant supply adjustments in the mining sector.

During the energy crisis of 2022, many smelters temporarily reduced production rates or shut down operations completely, particularly in Europe. The zinc smelter industry, being energy-intensive, is vulnerable to high energy prices. As energy markets normalized in 2023, zinc production also stabilized, though some smelter disruptions remained. Global production increased by 3%, and LME inventories reached the highest level since 2021 and metal premiums fell. Spot market premiums were at historically high levels in the beginning of 2023 but nearly halved over the course of the year.

Global mine production fell by 3% over the year as several mines became unprofitable due to declining zinc prices, leading them to enter care and maintenance mode. At the year's start, concerns about smelter availability led to improved terms for smelters, with negotiated treatment charges in benchmark annual contracts set at US\$274 per tonne of concentrate, which included some positive price participation. However, as production suspensions at various mines increased, the market dynamics shifted, causing spot market treatment charges to plummet well below the benchmark levels. Amidst profitability challenges, the industry focused on rationalizing production costs, resulting in an average cash cost decrease for 2023, despite rising treatment charges and overall cost inflation. Notably, cash costs in the 90th percentile dropped to US\$2,260 per tonne.

Source: Boliden AB, Annual and Sustainability Report 2023



Source: Teck Resources Limited, 2023 Annual Report

In 2023, visible zinc stocks remain below historical averages, providing price support throughout the first half of 2024 and highlighting the tightness in the concentrates market along with potential supply disruptions. Global zinc demand has been relatively stable, bolstered by strong Chinese imports, which totaled 180 kt from January to May 2024, aided by favorable arbitrage conditions. European demand appears to have bottomed out and is showing signs of recovery, while North American demand remains robust.

In the concentrates market, the 2024 annual Treatment Charges (“TC”) benchmark was set at \$165/dmt (dry metric tonne), a significant drop of US\$109/dmt (40%) from 2023, with no price participation included. This decrease reflects a tight supply of concentrates, stemming from mines that have been put on care and maintenance and underperformance from existing operations. The situation has been exacerbated by increased metal production capacity, thanks to smelter restarts in Europe and capacity expansions in China. Spot TCs have fallen sharply, averaging US\$238/dmt in H1 2023 to just US\$53/dmt in H1 2024, with reports of record lows in June 2024 ranging from \$Nil to US\$20/dmt. Premium qualities are trading at steep discounts, with prices dipping as low as minus US\$30/dmt (source: Glencore plc, 2024 Half-Year Report).

THE WORLD’S TOP 10 LARGEST ZINC MINES

Mine	Start Up	Country	Majority Owner	Geology	2019 Production (kt) ▼	Reserves (mt)	Mine Life
1. Red Dog	1989	USA	Teck Resources	Sedimentary Exhalative	552.4	6.6	11.9
2. Rampura Agucha	2006	India	Hindustan Zinc	Sedimentary Exhalative	358.0	4.8	13.4
3. Mount Isa Zinc	1924	Australia	Glencore	Sedimentary Exhalative	326.4	6.5	19.9
4. McArthur River	1995	Australia	Glencore	Sedimentary Exhalative	271.2	8.9	32.8
5. Antamina	2001	Peru	BHP – Glencore	Skarn	255.6	0.2	0.8
6. Sindesar Khurd	2012	India	Hindustan Zinc	Sedimentary Exhalative	174.0	1.3	7.5
7. Dugald River	2018	Australia	MMG	Sedimentary Exhalative	170.1	1.3	7.6
8. Yauli operations	1952	Peru	Volcan	Veins, Manto	140.9	0.9	6.4
9. Vazante	1969	Brazil	Nexa Resources	Orogenic	139.0	1.6	11.5
10. Cerro Lindo	2007	Peru	Nexa Resources	Volcanic Hosted Massive Sulfide	126.3	0.6	2.4

Source: Miningintelligence
Reserves = 2019 Proven & Probable Contained Zn
Mine Life = Calculated Reserves/2019 Production = Years

miningintelligence

Zinc mining is the process by which mineral forms of the metal zinc are extracted from the earth through mining. A zinc mine is a mine that produces zinc minerals in ore as its primary product. Common co-products in zinc ores include minerals of lead and silver. Other mines may produce zinc minerals as a by-product of the production of ores containing more valuable minerals or metals, such as gold, silver or copper. Mined ore is processed, usually on site, to produce one or more metal-rich concentrates, then transported to a zinc smelter for production of zinc metal.

The largest producers are China, Australia, Peru, India, United States and Mexico, with Australia having the largest reserves.

The world's largest zinc mine is the Red Dog open-pit zinc-lead-silver mine in Alaska, with 4.2% of world production. Major zinc mine operators include Hindustan Zinc Limited, Glencore plc, BHP Group Limited, Teck Resources Limited, MMG Limited, Sumitomo Corporation, Nexa Resources S.A., Boliden AB, and China Minmetals Corporation.

Zinc is extracted through both surface and underground mining methods. Surface mining is typically used for oxide ores, while underground mining focuses on zinc sulfide ores. Common techniques include open-pit mining, open stope mining, and cut-and-fill stoping.

Open-Pit Mining: This surface mining method involves removing waste rock above an ore deposit before extraction. After clearing the waste overburden, ore and waste are mined simultaneously, primarily using track-mounted excavators and rubber-tired trucks. In smaller operations, front loaders may also be utilized.

Open Stope Mining: This underground method entails completely removing ore bodies, resulting in large caverns (or stopes) within the mine. The cavern walls rely on random pillars of unmined ore for support, without any additional bracing or external reinforcement.

Cut-and-Fill Stopping: In this underground technique, ore is extracted from below the deposit. The resulting stope is then filled with waste rock to support the walls and create an elevated floor for miners and equipment, allowing for further extraction of ore from the deposit (source: U.S. Department of Agriculture, Forest Service, 1995. Anatomy of a mine from prospect to production).

Copper

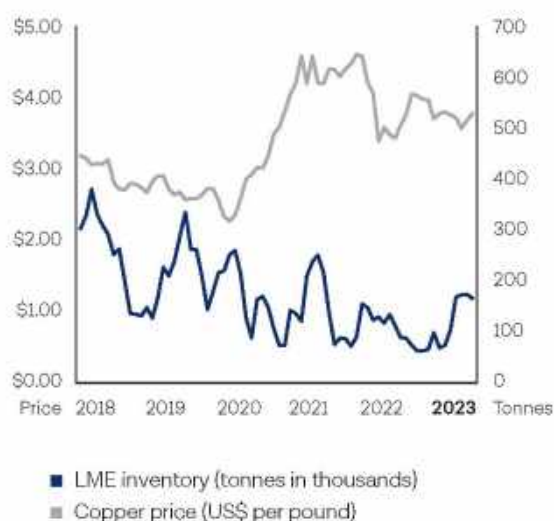
Copper is absolutely critical for the electrification of society and the green energy transition given its excellent ability to conduct electricity and heat. Wind power, solar power, and fossil-free transportation all require large amounts of copper to produce energy and to enable the transfer of energy where it needs to be used. In addition, the development of both modern electronics and communities is also an important function of copper. Copper has been integral in driving economic progress over time as it enables a higher standard of living while contributing to infrastructure, the food chain, manufacturing, technology and medical applications.

When it comes to infrastructure, copper is the backbone of construction and urbanization. It is a critical metal for wire, plumbing and hardware and possesses the best electrical and thermal heat conductivity of any industrial metal. Technology advances in communications, artificial intelligence applications, expanding connectivity through global infrastructure and public health initiatives are all expected to contribute to strong copper demand.

Copper is vital to energy efficiency. Copper is critical for global decarbonization and energy efficiency, which is expected to significantly increase the demand for copper. Electric vehicles use up to four times more copper than vehicles powered by internal combustion engines. The evolving technology and its supporting infrastructure will have a substantial impact on increasing the demand for copper. For medical purposes, copper's antimicrobial properties can support infection control in hospitals and care environments. Lastly, copper is an extremely versatile metal with physical attributes that include superior electrical conductivity, corrosion resistance, structural capability, efficient heat transfer and aesthetics.

Copper Price and LME Inventory

Source: LME



Source: Teck Resources Limited, 2023 Annual Report

The LME copper cash price began 2024 at US\$8,464 per tonne, consistent with the average price throughout 2023. Demand forecasts have been bolstered by sectors focused on energy transition and related infrastructure investments, with improved copper demand noted in North America and Europe, while refined demand in China remained robust (source: Glencore plc, 2024 Half-Year Report).

Copper prices held steady until mid-March 2024, when the China Smelters Purchase Team (“CSPT”), a group of top smelters that negotiates with miners on yearly prices to treat and refine copper, announced that production cuts would be considered to prevent further declines in treatment and refining charges (“TCs/RCs”). Following this news, prices surged to the US\$10,000 per tonne mark in April 2024 and continued to climb in May 2024, driven by regional supply imbalances in North America that pushed prices to a record high of US\$10,900 per tonne. Speculative positioning also reached its largest net long position in recent years. However, the rapid price increase led to weakened demand from fabricators in China, resulting in a noticeable rise in visible inventories during the reporting period (source: Glencore plc, 2024 Half-Year Report).

LME cash copper prices concluded the first half of 2024 at approximately \$9,500 per tonne. At the start of the year, the CSPT set its Q1 2024 buying guidance at \$80/8.0 cents for TCs/RCs. However, continued growth in smelter capacity, combined with mine supply challenges in late 2023, led to spot TCs/RCs dropping to their lowest levels in nearly 15 years. In response to the tight concentrate market, CSPT revised its Q1 2024 buying guidance to \$50/5.0 cents for TCs/RCs in January 2024 and opted not to provide guidance for Q2 2024. Since March 2024, spot TCs/RCs for Chinese smelter purchases have remained in the low single digits, a significant decline from the 7-year high recorded in October 2023 (source: Glencore plc, 2024 Half-Year Report).

Looking ahead, mine supply growth is anticipated to be limited by aging assets, a reduced project pipeline, and geopolitical factors, with new projects likely facing delays. In the short term, global demand sentiment will largely depend on China’s fiscal policies and stimulus measures aimed at bolstering economic growth. In the longer term, demand is expected to be fueled by population growth and rising living standards in emerging economies, bolstered by climate change policies and decarbonization efforts. These factors are projected to drive increased copper usage, given its critical role in advancing the renewable energy transition—from renewable power generation and distribution to energy storage and electric vehicles (source: Glencore plc, 2024 Half-Year Report).

	Property	Country	Mine Owner (s)	2020 Production (kt) *	2019 Production (kt)	Copper Grade (%)	Proven & Probable Reserves (kt)
1.	Escondida	Chile	BHP, Rio Tinto, Mitsubishi, JX Nippon	1,173	1,157	0.60	43,162
2.	Collahuasi	Chile	Anglo American, Glencore, Sumitomo, JX Nippon	629	565	0.92	28,126
3.	Morenci	United States	Freeport-McMoRan, Sumitomo	450	460	0.24	26,995
4.	El Teniente	Chile	Codelco	443	460	0.83	11,118
5.	Buenavista	Mexico	Southern Copper	432	438	0.32	26,707
6.	KGHM Polska Miedz	Poland	KGHM	413	418	No data	No data
7.	Chuquibambilla	Chile	Codelco	401	385	0.73	9,412
8.	Cerro Verde	Peru	Freeport-McMoRan, Buenaventura, Sumitomo	391	455	0.37	18,103
9.	Antamina	Peru	BHP, Glencore, Teck Resources, Mitsubishi	367	432	0.91	3,694
10.	Grasberg	Indonesia	Inalum, Freeport-McMoRan	367	275	0.99	14,606

Source: Miningintelligence

mining
intelligence
data

Copper mining is the process by which mineral forms of the metal copper are extracted from the earth through mining. A copper mine is a mine that produces copper minerals in ore as its primary product. Common co-products in copper ores include minerals of gold, molybdenum, zinc, lead, and silver. Other mines may produce copper minerals as a by-product of the production of ores containing more valuable minerals or metals, such as gold, silver or molybdenum. Mined ore is processed, usually on site, to produce one or more metal-rich concentrates, then transported to a copper smelter for production of copper metal.

The largest producers of copper are Chile, Peru, Democratic Republic of Congo, China, United States, Russia, Indonesia, Australia, Zambia, and Mexico.

The world's largest copper mine is the Escondida open-pit copper-gold-silver mine in Chile. Major copper mine operators include the National Copper Corporation of Chile ("Codelco"), BHP Group Limited, Freeport-McMoRan Inc., Rio Tinto Group, Teck Resources Limited, Sumitomo Corporation, Southern Copper Corporation, Glencore plc, and KGHM S.A.

Copper is mined both at the surface and at depth. Surface mining of copper is typically done on large tonnage lower grade deposits, while underground mining targets lower tonnage and higher-grade copper. Some of the common methods of copper mining are open pit mining, open stope, and cut and fill mining, which are described in detail in the Zinc section.

Uranium

Uranium is the only naturally occurring fissile element on earth. Uranium is more common than tin, and it is about 40 times more common than silver, and 500 times more common than gold. Uranium is found in very low concentrations almost everywhere on earth in soil, rocks, and water. The main use of uranium is as fuel for nuclear reactors to produce fossil-free baseload electricity, which will be required to reduce carbon emissions and eventually reach a net-zero carbon footprint.

Uranium is mined to provide uranium ore, which is then processed at a milling facility to produce uranium concentrate. Uranium concentrate is further processed into small ceramic pellets and stacked together into sealed metal tubes called fuel rods. Typically, more than 200 of these rods are bundled together to form a fuel assembly.

Nuclear reactors are the heart of a nuclear power plant as they contain and control nuclear chain reactions that produce heat through a physical process called fission. That heat is used to make steam that spins a turbine to create electricity.

It is increasingly acknowledged that nuclear power is crucial for achieving net-zero carbon goals due to its clean emissions profile, reliable and secure baseload capabilities, and cost-effectiveness.

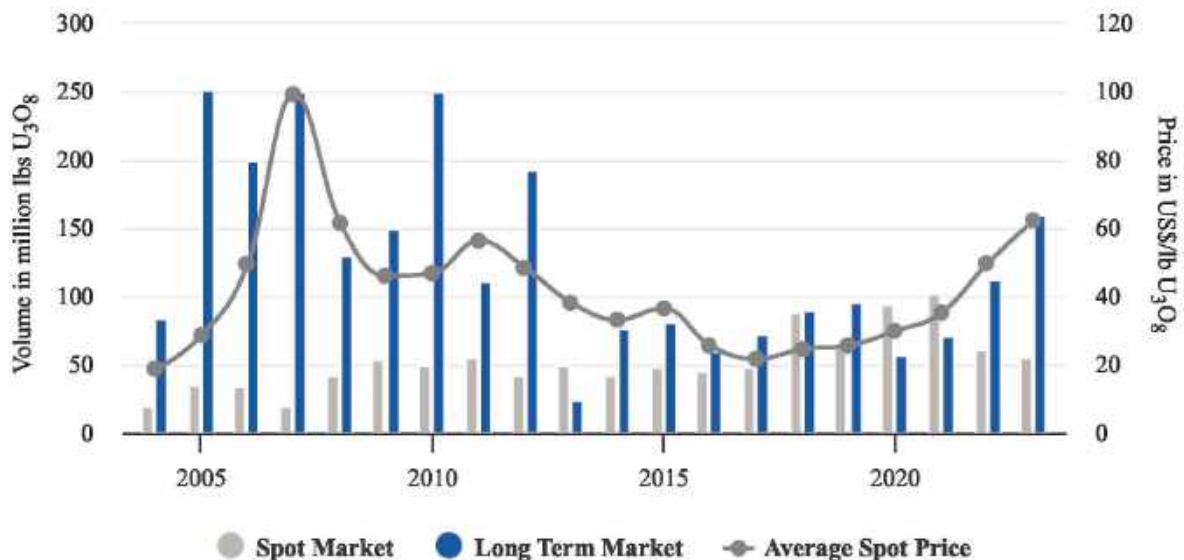
As reported by the International Atomic Energy Agency (“IAEA”), there are currently 441 reactors operating worldwide, with an additional 59 reactors under construction.

Currently Under Construction



Other uses for uranium include hardening and strengthening steel, aerospace technology, medical applications, scientific research and nuclear weapons manufacturing.

Uranium Contracting Volumes and Price History



Source: Ux Estimates

The nuclear energy renaissance has gained momentum recently due to ongoing geopolitical events, energy security concerns, and a global emphasis on addressing the climate crisis alongside rising demand for low-carbon energy. The current landscape for nuclear power and its uranium fuel is highly favourable, creating transformative tailwinds that enhance both demand and supply prospects in this sector.

Supply at Risk

Supply risk has shifted from producers to nuclear utilities due to recent market price increases, escalating geopolitical uncertainty, and years of underinvestment in uranium and fuel cycle service capacities. Several unplanned supply disruptions and supply chain challenges have affected uranium mining and processing activities. Many producers have opted to leave uranium in the ground or idle their capacity to preserve long-term value.

In 2023, geopolitical uncertainty continued to be the primary factor affecting supply security, driven by events such as the Russian invasion of Ukraine and the recent coup in Niger. As a result, many governments and utilities are re-evaluating their supply chains and procurement strategies that depend on nuclear fuel from these higher-risk regions.

Uranium is a highly trade-dependent commodity with both short- and long-term pricing considerations. Concerns about supply security are further complicated by the roles of commercial and state-owned entities in the uranium market and trade policies that reveal a disconnect between production and consumption locations. Nearly 80% of primary production is controlled by state-owned enterprises, over 70% comes from countries that consume little to no uranium, and almost 90% of consumption occurs in nations with minimal primary production. Consequently, government-driven trade policies, particularly those enacted in response to Russia's invasion of Ukraine, can have a significant disruptive impact on the uranium market (source: Cameco Corporation, <https://www.cameco.com/invest/markets/supply-demand>).

Demand is Increasing

The world requires safe, clean, reliable, and low-cost electricity, with nuclear power being essential for achieving net-zero carbon emissions. As many countries seek to reindustrialize and enhance their sourcing capabilities, global leaders at COP28 in 2023 recognized that reaching net-zero is impossible without nuclear energy, pledging to triple generating capacity by 2050. There is also a growing demand for consistent power supplies to support energy-intensive industries, such as large data centers. Thus, baseload nuclear power is crucial for achieving the necessary transformations towards secure, carbon-free energy sources.

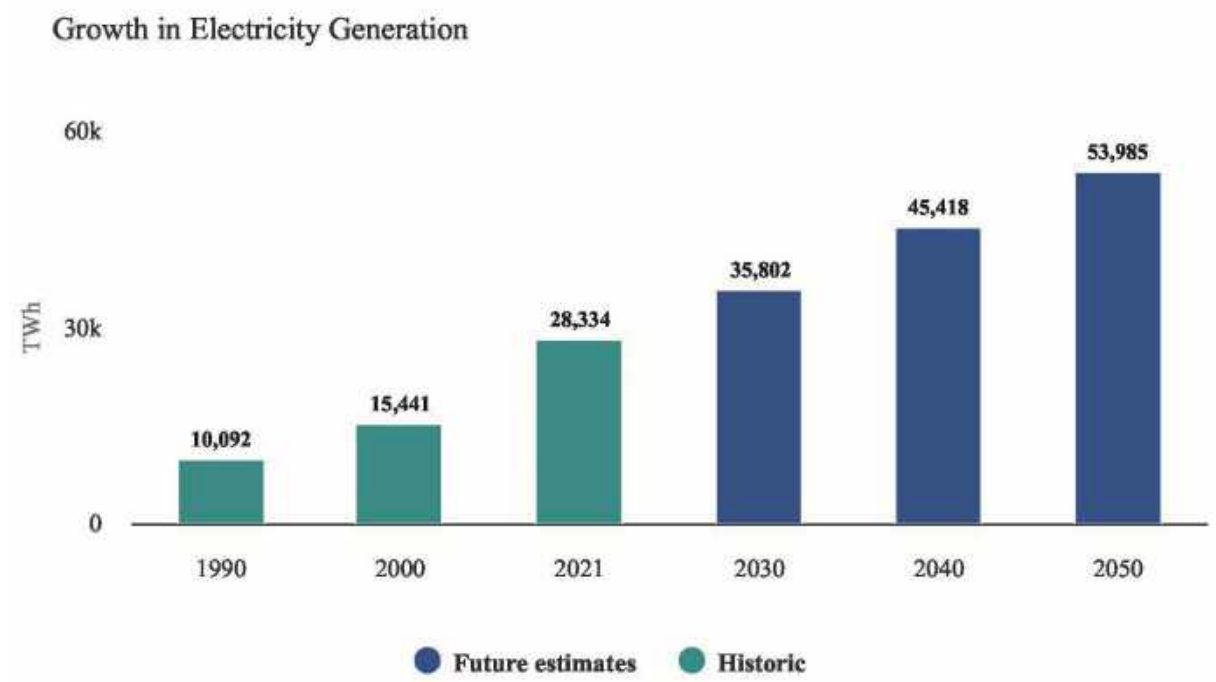
The benefits of nuclear energy have become increasingly evident, showcasing a resilience driven by the accountability of net-zero carbon targets set by nations and companies worldwide. These targets present a triple challenge:

- Lifting one-third of the global population out of energy poverty by expanding clean and reliable baseload electricity.
- Replacing 85% of the existing global electricity grids powered by fossil fuels with clean, reliable alternatives.
- Electrifying industries—such as private and commercial transportation and heating—currently reliant on fossil fuels.

The energy crisis that began in 2022 has heightened concerns about energy security and underscored the importance of energy policy in balancing three key objectives:

- Achieving a clean emissions profile.
- Ensuring an affordable levelized cost profile.
- Maintaining a reliable and secure baseload profile.

The International Energy Agency (“IEA”) projects a 52% increase in electricity demand from 2020 to 2040, with an even greater surge of 75% expected from 2020 to 2050 (source: Cameco Corporation, <https://www.cameco.com/invest/markets/supply-demand>).



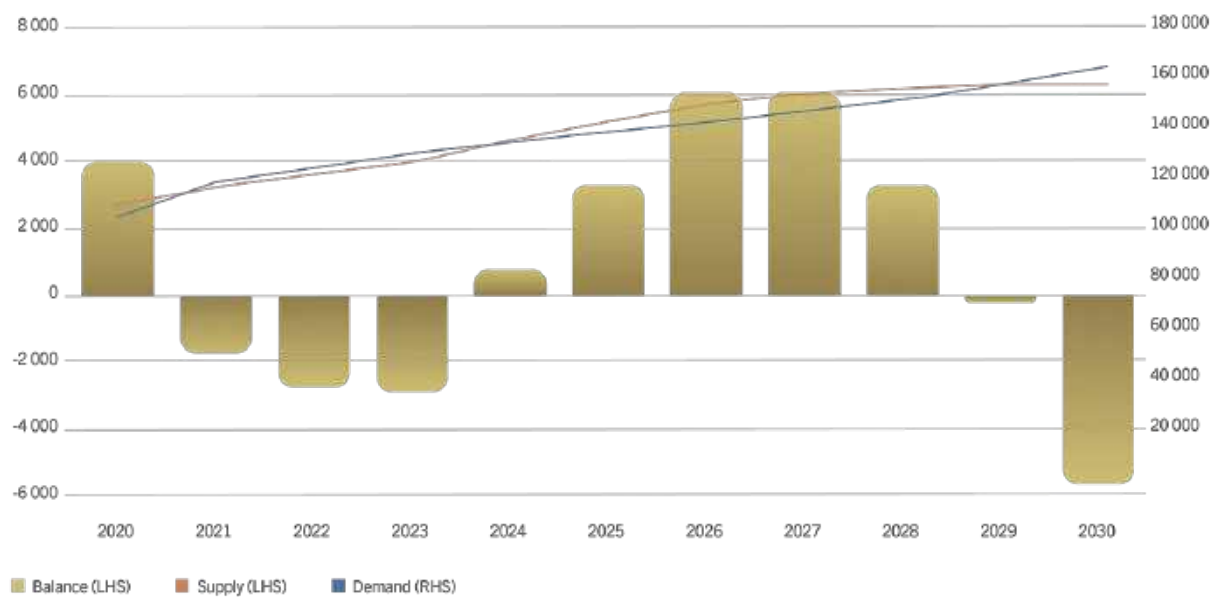
Source: IEA World Energy Outlook 2023 Stated Policies Scenario

Vanadium

Vanadium, a chemical element with the symbol V and atomic number 23, is an average-hard, silvery-grey metal known for its malleability and non-brittle nature. It is electrically conductive and thermally insulating, making it valuable in various applications. Harder than many metals and steels, vanadium exhibits excellent corrosion resistance and remains stable in the presence of alkalis and sulfuric and hydrochloric acids. The element is known for its diverse range of colors and is aptly named after the Scandinavian goddess of beauty and fertility (source: Bushveld Minerals Limited ("Bushveld"), "What is Vanadium?" <https://www.bushveldminerals.com/vanadium/ore>).

Vanadium is used in master alloying, various steel applications, aerospace technology, chemicals/catalysts and VRFB. Vanadium is often referred to as a "green metal" due to its various applications in technologies and industries that contribute to environmental sustainability.

Vanadium is also used as a catalyst, to treat diabetes and other health conditions, improve athletic performance in weight training, and within the ceramics industry.



Vanadium supply and demand have historically relied upon steel supply and demand, but that dynamic has changed.

Supply

The limited capacity of vanadium-producing steel plants has contributed to the volatility of vanadium prices. However, as primary production of vanadium increases, the reliance on co-production from steel is decreasing. If new applications for vanadium, such as energy storage to facilitate the green energy transition, continue to grow faster than steel demand, a similar trend may emerge in vanadium demand. Overall, supply and demand dynamics indicate a structural net deficit ahead. Supply remains concentrated and constrained for several reasons:

- In China, the capacity utilization of slag producers was estimated at 80% to 90% in 2020, with the top five producers operating near full capacity. Russia was also close to full capacity during the same period, operating at approximately 90%.
- The Chinese steel industry has increasingly depended on imported iron ore, which typically does not contain vanadium.
- Looking ahead, Chinese vanadium production is likely to face constraints due to a decline in domestic iron ore supply and quality, combined with environmental regulations affecting steelmakers and vanadium producers. Additionally, the ban on vanadium slag imports further exacerbates these supply challenges.

Source: Bushveld, “Market Fundamentals”,
<https://www.bushveldminerals.com/vanadium/market/2022-2023>

Demand for Vanadium in Steel

Developed economies such as Europe, Japan, and North America exhibit higher vanadium intensity compared to developing countries, driven by greater vanadium usage in steel production. China leads the world in vanadium intensity, bolstered by improved compliance with rebar standards.

Vanadium demand in the steel market is projected to grow at a compound annual growth rate (“CAGR”) of approximately 2.7% through 2030, with global demand from steel expected to reach around 136,000 tonnes by that year. In 2020, steel mill shutdowns in China due to the COVID-19 pandemic resulted in a temporary surplus in the vanadium market. However, the market shifted to a deficit from 2021 to 2023. Forecasts indicate a surplus of vanadium in 2024, but this is expected to revert to a deficit by 2029, assuming that all newly announced mining projects come online as planned.

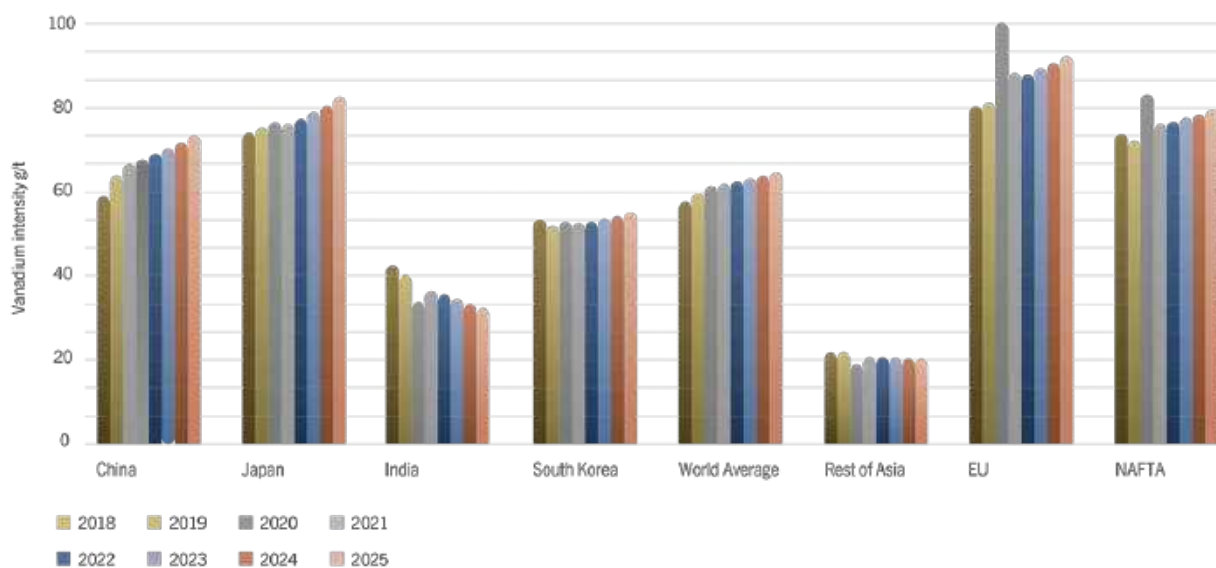
Source: Bushveld, “Market Fundamentals”, <https://www.bushveldminerals.com/vanadium/market/2022-2023>

Demand for Vanadium in Energy Storage

For now, vanadium demand will largely be driven by its increasing intensity of use in the steel market; however, the energy storage industry presents significant potential for additional demand. The growth in vanadium demand will be influenced by the adoption of VRFBs and the pace of recovery in non-Chinese global steel and alloy demand.

Demand for vanadium from VRFBs is expected to grow at an impressive CAGR of approximately 56.7% through 2030, with even greater long-term demand anticipated. For instance, the World Bank Group predicts that by 2050, the demand for vanadium from energy storage could be twice the level of global vanadium production recorded in 2018.

Source: Bushveld, “Market Fundamentals”, <https://www.bushveldminerals.com/vanadium/market/2022-2023>



Source: Fast Markets 2020; Roskill Vanadium, Outlook 2025

Competition

District has identified multiple competitors for the supply of zinc, copper, uranium, and vanadium, and below are a few of these companies broken down by stage, i.e. exploration, development, or production. For the purposes of this section, an explorer is a company that has only identified a mineralized zone or potential deposit and has not progressed to an economic study and the associated permitting status; a developer has an economic study in place and permits are possibly in place; and a producer has a fully constructed and permitted mine.

Zinc

Producers: Boliden AB, Lundin Mining Corporation, Glencore plc, BHP Group Limited, Nyrstar NV, Vedanta Resources Limited, Teck Resources Limited, Sumitomo Corporation, Nexa Resources S.A., Hudbay Minerals Inc., Hindustan Zinc Limited, and Zijin Mining Group Co., Ltd.

Developers: Fireweed Metals Corp., Tinka Resources Limited, Emerita Resources Corp., Trilogy Metals Inc., Ascendant Resources Inc., Osisko Metals Incorporated, and Nevada Zinc Corporation.

Explorers: Avrupa Minerals Ltd., Group Eleven Resources Corp., Rathdowney Resources Ltd., ZincX Resources Corp., Zincore Metals Inc., Laurion Mineral Exploration Inc., Alpha Future Funds S.C.S., and Alicanto Minerals Limited.

Copper

Producers: Freeport-McMoRan Inc., BHP Group Limited, Codelco, Anglo American plc, Antofagasta plc, Glencore plc, KGHM SA, First Quantum Minerals Ltd., Southern Copper Corporation, Norilsk Nickel, Lundin Mining Corporation, and Boliden AB.

Developers: Koryx Copper Inc., Sandfire Resources America Inc., Kutcho Copper Corp., Arizona Metals Corp., Filo Corp., Trilogy Metals Inc., Granite Creek Copper Ltd., Surge Copper Corp., Northwest Copper Corp., Faraday Copper Corp., and Northisle Copper and Gold Inc.

Explorers: T2 Metals Corp., Hannan Metals Ltd., Capella Minerals Ltd., Alicanto Minerals Limited, Callinex Mines Inc., Alpha Future Funds S.C.S., Getty Copper Inc., VMS Ventures Inc., Bell Copper Corporation, and Cascadero Copper Corporation.

Uranium

Producers: JSC National Atomic Company Kazatomprom, Cameco Corporation, Orano SA, BHP Group Limited, Paladin Energy Limited, China General Nuclear Power Group ("CGN"), Navoi Mining and Metallurgy Combinat, China National Nuclear Corporation ("CNNC"), ARMZ Uranium Holding Co., and General Atomics.

Developers: NexGen Energy Ltd., Fission Uranium Corp., Denison Mines Corporation, Uranium Energy Corporation ("UEC"), EnCore Energy Corp., Western Uranium & Vanadium Corporation, Aura Energy Limited, Laramide Resources Ltd., IsoEnergy Limited, and Bannerman Energy Ltd.

Explorers: Mawson Gold Ltd., Aero Energy Ltd., Kraken Energy Corp., Cosa Resources Corp., Standard Uranium Ltd., Atomic Minerals Corp., CanAlaska Uranium Ltd., Myriad Uranium Corp., Premier American Uranium Inc., and Skyharbour Resources Ltd.

Vanadium

Producers: Largo Inc., Bushveld, Glencore plc, Evraz Lgok, Energy Fuels Inc., and Reed Resources Ltd.

Developers: Aura Energy Limited, Australian Vanadium Limited, TNG Ltd., Technology Metals Australia Limited, Aurox Resources Limited, and Adriana Resources Inc.

Explorers: Vanadium Resources Limited, Prophecy Development Corp., Nextsource Materials Inc., Battery Mineral Resources Corp., Cornerstone Metals Inc., Apella Resources Inc., Australian Vanadium Limited, American Vanadium Corp., and Gossan Resources Limited.

Rules and Legislation

As per the Swedish Mineral Act, zinc, copper, and vanadium are all concessionary metals or minerals available to explore and develop within a mineral license by the license holder. However, as discussed in detail above, uranium is currently not available as a concession metal/mineral for a mineral license due to the moratorium on uranium exploration and mining in Sweden implemented in 2018.

In October 2022, a center-right coalition government was formed in Sweden with a platform to build additional nuclear energy capacity, and to lift the current moratorium on uranium exploration and mining. In February 2024 an investigation into lifting the uranium moratorium was initiated. This investigation was completed in May 2024, and the results are expected at any time.

Mineral Licenses

All of District's mineral properties are held as mineral licenses in Sweden. A mineral license, which is based on an application concerning one or several of the concession metals/minerals and is valid for all the metals/minerals stated there, unless the applicant requests otherwise.

A mineral license is valid for three years from the date of the decision by the Mining Inspectorate (Bergsstaten). On the application of the license holder, the period of validity of the exploration permit shall be extended for a period of no more than three years, if an appropriate exploration of the area has been conducted. The same applies if the license holder has valid reasons for not having undertaken any exploration and, furthermore, is able to prove that the area is likely to be explored during the period covered by the extension application.

When a decision is made to grant a new mineral license, a fee is payable, based on the following amounts per hectare or part thereof of the exploration area:

- If the permit relates to diamonds, oil or gaseous hydrocarbons, SEK 2, of which SEK 0:40 relates to the first year, SEK 0:60 to the second year and SEK 1 to the third year.
- If the permit relates to any other concession metal/mineral, SEK 20, of which SEK 4 relates to the first year, SEK 6 to the second year and SEK 10 to the third year.
- A minimum fee of SEK 100 shall always be paid.

When a decision is made to extend the period of validity of a mineral license, a fee shall be paid, based on the following amounts per hectare and year or part thereof:

- If the permit relates to diamonds, oil or gaseous hydrocarbons, SEK 2.
- If the permit relates to any other concession metal/mineral, SEK 21.
- A minimum fee of SEK 200 shall always be paid.

When a decision is made to further extend the period of validity of a mineral license, a fee shall be paid, based on the following amounts per hectare and year or part thereof:

- If the permit relates to diamonds, oil or gaseous hydrocarbons, SEK 5.
- If the permit relates to any other concession mineral, SEK 50.
- A minimum fee of SEK 400 shall always be paid.

When a decision is made to further extend the period of validity of a mineral license, a fee shall be paid, based on the following amounts per hectare and year or part thereof:

- If the permit relates to oil or gaseous hydrocarbons, SEK 10.
- If the permit relates to any other concession mineral, SEK 100.
- A minimum fee of SEK 800 shall always be paid.

When a mineral license has ceased to be valid, an application for a new mineral license regarding land within the same area cannot be considered until at least one year after the cessation of the permit or concession. Mineral licenses have conditions attached, as are necessary for the protection of public interests or private rights, as well as conditions requiring the permit holder to furnish financial security for compensation.

A company or person holding a mineral license may undertake exploration work within the license area. If it can be done without encroaching on any right of use, easement or other special right, the property owner or, with their consent, another company/person may undertake, without a mineral license, exploration in regard to all concession minerals except diamonds, but not in areas where another company/person holds a license or a mining concession under the Mineral Act.

Exploration work may only be undertaken in order to demonstrate that a mineral covered by the mineral license is present within the area and in order to obtain more detailed information about the size, character and recoverability of the potential deposit. The license holder may, to the extent that it is necessary, use a road to and within the area. With the permission of the Mining Inspectorate, the license holder may also utilize land or other areas to construct any road that is necessary to and within the area. Exploration work may only be carried out in accordance with a valid work plan (plan of operations). The work plan shall be drawn up by the mineral license holder and be written in Swedish. The work plan (plan of operations) shall contain:

- the name, phone number, address, and e-mail address of the license holder, as well as name, phone number, address, and e-mail address to a contact person if the license holder is a legal entity,
- a description of what a work plan entails, and information describing that people who are affected by the plan may influence the contents of the work plan through objecting to its contents,

- a description of the planned exploration work and a time schedule for the work,
- a map with property boundaries and the cadastral reference numbers, showing the area where the exploration is to be undertaken,
- an assessment regarding how the work involved is estimated to affect public interests and private rights,
- information detailing when objections against the work plan must have reached the license holder and about the consequences if no objections are submitted,
- information detailing that those affected by the work plan have the right to, upon request, be informed when the work on the property that his or her right concerns will begin, and information about when the request must have reached the license holder,
- information about any permits according to other legislation that the license holder already holds or intends to apply for, and any notifications according to other legislation that the license holder has made or plans to make with regard to the exploration work, and
- an assessment of the damages or encroachment which the exploration will entail, information about how any damages or encroachment will be regulated, as well as information about the license holder's security for fulfilment of compensation payment, and about the size of the security.

The work plan (plan of operations) shall, regarding the description of the work and to the time schedule for the work, be adapted to the current usage of land within the area where the exploration is to be undertaken.

The Government or an authority appointed by the Government can present further regulations regarding the contents of a work plan (plan of operations). The work plan shall be served on the owner of the property on which the work is to be undertaken and on the holder of any special right who is affected. Service on holders of reindeer herding rights may be affected by serving the plan of operations on the Sami reindeer herding district (sameby) to which the holders of the rights belong. Objections to the contents of the work plan shall be made in writing and must have reached the permit holder within three weeks of the work plan being served.

A work plan becomes valid if no objections are raised. A work plan also becomes valid if the license holder and the property owner and holder of special rights, who raised any such objections, are able to reach an agreement on the contents of the plan.

A valid work plan shall be sent to the Mining Inspectorate, the County Administrative Board, and the Municipality. If the exploration work is to be undertaken within an area used for reindeer herding, a valid work plan shall also be sent to the Sami Parliament.

If objections are raised, the license holder may request that the work plan is considered by the Mining Inspectorate. The work plan shall be confirmed by the Mining Inspectorate and become valid provided that:

- it fulfills the requirements as to content,
- the measures detailed in the work plan are necessary for appropriate exploration and do not cause the property owner or any holder of special rights inconvenience that outweighs the license holder's interest in being allowed to carry out the work, and
- the license holder has complied with their obligations to translate and serve the work plan on any affected landowners.

In confirming a work plan, the Mining Inspectorate shall set out the conditions required to protect public interests and private rights and to prevent or limit inconvenience. The Mining Inspectorate may also decide that the work plan shall apply immediately (Mineral Act (1991:45), July 1, 2022).

Exploitation Concessions

An exploitation concession shall be valid for a specific area, which shall be determined on the basis of what is appropriate, considering the deposit, the purpose of the concession and other circumstances. An exploitation concession shall be granted if:

- a deposit has been found which is likely to be economically viable to utilize, and
- the location and nature of the deposit do not make it inappropriate to grant the applicant the concession applied for.

A concession for the exploitation of alum shale may only be granted to a company or person who can prove that they are suitable to undertake such an exploitation.

The Environmental Code applies to an application for an exploration concession. Accordingly, an application for an exploitation concession shall be accompanied by an environmental impact assessment, and information be provided, and coordination carried out, in accordance with the Environmental Code.

The applicant shall pay an application fee of SEK 80,000 for each exploitation concession area. This fee shall be paid when the application is submitted to the Mining Inspectorate.

An exploitation concession shall be valid for a period of twenty-five years, or such a shorter period as may be requested by the applicant. The concession period will be extended for ten years at a time (or such shorter period as requested) without special application if regular exploitation operations are in progress when the period of validity expires.

If regular exploitation operations are not in progress when the exploitation concession period expires, the period shall be extended for ten years on the application of the concessionaire, provided that the following is in progress:

- preparatory or construction work for the commencement of exploitation within the concession area,
- exploration work on a significant scale within the concession area, or
- mineral-processing, metallurgical or other development work on a significant scale with the purpose of enabling the deposit to be exploited.

A shorter period than ten years may be decided at the concessionaire's request. From the authority responsible for considering applications, the concessionaire is entitled to receive advance notice as to whether planned exploration work or planned mineral processing, metallurgical or other development work is considered to be on a significant scale for purposes of the above-noted extension assessment (Mineral Act (1991:45), July 1, 2022).

Trends

Base Metals – Zinc & Copper

Despite a challenging macroeconomic environment marked by monetary tightening, volatile energy markets, and heightened geopolitical tensions, the global economy demonstrated resilience in 2023. Global GDP increased by 2.6%, surpassing expectations for growth. Inflation began to decline as a result of rising interest rates from the US Federal Reserve and a decrease in fossil fuel prices worldwide.

As central banks continued raising interest rates in 2023, inflation fell in most major economies. Towards the end of the year, expectations of potential rate cuts improved market sentiment, positively impacting metal prices such as copper and gold.

While energy prices remained volatile, they were more stable than in 2022. The risks associated with the COVID-19 pandemic diminished as a global threat. However, geopolitical risks escalated, particularly with the ongoing war in Ukraine and the outbreak of the Israel-Hamas conflict in October 2023. Price spikes and supply disruptions linked to the war in Ukraine and sanctions on Russia eased, affecting energy, metals, and food items.

The global stock market rebounded from its negative performance in 2022, with the US stock market experiencing particularly strong growth, fueled in part by excitement around artificial intelligence and the technology companies driving its development. European stock indexes showed more moderate gains, and the valuation gap between American and European companies reached historical highs.

In the US, the Inflation Reduction Act of 2022 began to significantly impact the renewable energy market by providing tax credits and incentives to encourage investment, positioning the US as a preferred destination for investments in the critical metals supply chain.

Price developments in the metals market were generally weak in 2023, with both supply and demand for base metals on the rise, resulting in most markets being in surplus. As supply chains normalized and the prices of raw materials, including metals, declined, industrial destocking of inventories further pressured demand and prices.

Historically, increased metal demand has been closely tied to global economic growth, particularly driven by developments in China, the largest consumer of base metals. China accounts for approximately 40–50% of global base metal demand and plays a significant role in the world's metal supply. However, as the country shifts its focus from infrastructure and real estate development to a more service-oriented economy, future metal demand is expected to decrease, alongside a gradual decline in overall economic growth.

While long-term growth rates are expected to decline both globally and in China, demand for metals is projected to surge due to climate transition efforts and the electrification of societies. The push to phase out fossil fuels has intensified worldwide, necessitating significant investments in metal-intensive projects for electricity generation, power distribution infrastructure, and electrical equipment. As a result, global demand for base metals is anticipated to grow steadily over the long term.

Mines have limited lifespans and need to be replaced by new projects, which is a function of mining companies' confidence in future metal prices to justify profitable investments. However, increasing requirements from permitting authorities and local communities, larger project scales due to declining metal grades, and a heightened need for infrastructure have steadily driven up costs and intensified capital requirements in the mining industry. As a result, developing a new mine can take many years, with the time from discovery to production lengthening. This situation could lead to future supply shortages for many key metals.

While expanding existing mines typically requires less capital investment, it will only partially address future metal demand. The rate of smelting capacity expansion is influenced by companies' perceptions of regional market demand and raw material availability. New capacity impacts the concentrate market balance and the dynamics between smelters and mines. Although metal recycling rates are expected to rise over time, similar to mine expansions, they will only satisfy a portion of the future demand for metals.

China's smelting capacity has expanded rapidly to meet the previous surge in base metal demand. The Chinese smelting industry is now a dominant player in the global concentrate market, particularly for copper. Although Indonesia has recently overtaken China as the world's largest nickel producer, this change was largely facilitated by significant investments from Chinese interests.

Historically, global copper and zinc mining capacity has sometimes limited growth when investment levels in China were high. Notably, even during global economic slowdowns or extraordinary circumstances affecting the economy, demand from China has remained robust, resulting in brief periods of low copper and zinc prices.

Source: Boliden AB, Annual and Sustainability Report 2023

Uranium

Mobile uranium inventories have been declining rapidly over the past two years, influenced by several key factors. These include production declines due to the COVID-19 pandemic, the emergence of the Sprott Physical Uranium Trust ("SPUT"), and strategic acquisitions by junior uranium companies aimed at securing financing for future projects.

In 2021, SPUT made significant market moves, acquiring over 24 million pounds of U3O8, which accounted for about 25% of all spot purchases that year. By August 2022, the SPUT continued its purchasing spree, adding an additional 16 million pounds of U3O8 to its inventory. This accumulation has contributed to the tightening supply dynamics in the uranium market, affecting both price and availability.

Geopolitical risks have significantly impacted the uranium market in recent months, notably following civil unrest in Kazakhstan in January 2022 and Russia's invasion of Ukraine in February. The spot uranium price responded sharply to these events, rising from US\$43.00 at the end of February to a peak of US\$63.75 in April, before stabilizing in the mid- to high-US\$40s range.

In light of these heightened geopolitical tensions, many utilities are adjusting their strategies by shifting their focus to the term market to secure uranium supplies for the latter half of this decade. Additionally, utilities with

existing contracts for Russian-enriched uranium are actively seeking alternative sources to replace those supplies, reflecting the increasing need for secure and reliable uranium procurement amid ongoing uncertainties.

The uranium market is shifting towards a production-driven model due to previous cuts in primary production and inventory optimization by utilities and producers. This trend is leading to a closer correlation between spot and long-term prices and the marginal cost of uranium production. In response, several producers have announced plans to restart production at idle mines.

Kazatomprom has also indicated its intent to increase Kazakh uranium production to 90% of nominal capacity in 2024, up from the current 80%. This adjustment reflects the growing demand for uranium and the need to stabilize supply in light of geopolitical uncertainties and market dynamics.

Despite relatively flat global reactor requirements through 2024, UxC anticipates significant demand growth for uranium from 2025 to 2040. This increase will require new production as existing resources at various projects become depleted.

The transition to a production-driven market is accompanied by the challenge that a substantial portion of uranium production occurs in regions with high geopolitical risks. This concentration makes the market susceptible to future disruptions and price volatility, emphasizing the need for diversified supply sources and strategic planning to ensure stability in uranium availability as demand rises.

Source: UxC, <https://www.uxc.com>

Vanadium

In the short term, the vanadium market is expected to stabilize, particularly with improvements anticipated in the Chinese property market by late 2023. Positive demand drivers include sectors like aerospace and VRFBs. In the USA, demand is projected to remain strong, while European consumption may face challenges due to macroeconomic risks, ongoing geopolitical tensions, and the potential for volatile energy prices as the year progresses. This mixed outlook highlights the importance of monitoring regional developments that could impact vanadium demand and pricing.

Global supply of vanadium seems adequate, but inventories have been on the decline since the end of the first quarter of 2023. This decline in inventories could signal tightening conditions in the market, potentially supporting prices if demand strengthens, particularly from key sectors like aerospace and energy storage. As the market stabilizes, close attention will be needed on both supply dynamics and demand trends to gauge future price movements.

In the medium term, the vanadium market is projected to grow at a CAGR of 4.7%. Demand from the steel sector is expected to rise at 3.6% annually, fueled by an increasing intensity of vanadium use. Additionally, the demand for vanadium in VRFBs is set to surge, with an impressive growth rate of 35% per year through 2028, primarily driven by developments in China. This combination of steady steel demand and rapid growth in energy storage applications suggests a positive outlook for vanadium in the coming years.

In the long term, demand from the steel sector is projected to grow at a CAGR of 1.5%, driven by the increased intensity of vanadium use, particularly in China and developing countries. Meanwhile, the commercialization of Vanadium Redox Flow Batteries (VRFBs) is expected to gain momentum from the mid-2020s onward, with significant growth anticipated as the world moves toward net-zero targets. This sector could experience a robust long-term CAGR of 12.6%, indicating a strong demand trajectory for vanadium driven by energy storage applications.

Source: Bushveld, “Market Fundamentals”, <https://www.bushveldminerals.com/vanadium/market/2022-2023>

Selected financial overview

This section presents the selected financial information for District for the fiscal years ended June 30, 2024 and 2023 and have been collected from the historical financial information. The balance sheet, income statement and cash flow statement for year ended June 30, 2024 and 2023 has, unless otherwise stated, been taken from the Company's annual audited consolidated financial statements. All the financial information has been established in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This section shall be read in conjunction with "Comments on the financial information" and the financial reports incorporated in the Company Description.

Financial reports incorporated by reference

The following financial reports are incorporated into this Company Description by reference and thus form part of the Company Description, all of which can be located on the Company's website (www.districtmetals.com).

District's audited annual Consolidated Financial Statements for the years ended June 30, 2024 and 2023

District's Management's Discussion and Analysis for the years ended June 30, 2024 and 2023

District's unaudited interim Consolidated Financial Statements for the three months ended September 30, 2024 and 2023

District's Management's Discussion and Analysis for the three months ended September 30, 2024 and 2023

Income statement

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the Three Months Ended		For the Years Ended	
	September 30, 2024	September 30, 2023	June 30, 2024	June 30, 2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
EXPENSES				
General and administrative costs	\$ 104,682	\$ 17,462	\$ 174,317	\$ 80,854
Marketing and investor relations	108,064	18,427	247,877	122,509
Salaries and consulting fees	145,772	120,589	815,084	527,700
Professional fees	49,441	20,638	213,092	84,318
Property investigation costs	-	1,097	25,171	45,781
Stock-based compensation	-	-	858,577	389,481
Transfer agent, regulatory and listing fees	7,175	13,946	48,162	50,053
OPERATING EXPENSES	415,134	192,159	2,382,280	1,300,696
OTHER EXPENSES (INCOME)				
Foreign exchange loss (gain)	11,663	(703)	188,707	11,403
Fair value loss (gain) on investment	95,000	-	(105,000)	80,000
Interest and dividend income	(58,956)	(28,722)	(162,404)	(28,745)
Write-down of exploration and evaluation assets	1,184	-	461,778	-
Other income	(15,857)	(1,336)	(75,607)	(46,564)
LOSS AND COMPREHENSIVE LOSS	\$ 448,168	\$ 161,398	\$ 2,689,754	\$ 1,316,790
Basic and diluted loss per share	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.02
Weighted average number of common shares outstanding, basic and diluted	130,332,462	106,980,707	116,215,195	72,989,092

Balance sheet

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	September 30, 2024	September 30, 2023	June 30, 2024	June 30, 2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,432,421	\$ 2,312,867	\$ 5,861,955	\$ 2,525,835
GST and VAT receivable	214,357	25,244	254,659	50,831
Prepaid expenses	132,925	53,596	171,998	21,656
Investment	50,000	40,000	145,000	40,000
	5,829,703	2,431,707	6,433,612	2,638,322
Advances and deposits	20,575	72,404	23,403	122,224
Exploration and evaluation assets	7,553,685	7,467,054	7,548,017	7,360,417
TOTAL ASSETS	\$ 13,403,963	\$ 9,971,165	\$ 14,005,032	\$ 10,120,963
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 288,003	\$ 130,842	\$ 269,243	\$ 119,242
Advance from Boliden	761,378	-	948,214	-
TOTAL LIABILITIES	1,049,381	130,842	1,217,457	119,242
SHAREHOLDERS' EQUITY				
Share capital	73,375,397	68,731,423	73,347,633	68,731,423
Reserves	3,074,212	2,474,060	3,086,801	2,474,060
Accumulated deficit	(64,095,027)	(61,365,160)	(63,646,859)	(61,203,762)
TOTAL SHAREHOLDERS' EQUITY	12,354,582	9,840,323	12,787,575	10,001,721
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 13,403,963	\$ 9,971,165	\$ 14,005,032	\$ 10,120,963

Cash flow statement

Consolidated Statements of Cash Flow (Expressed in Canadian Dollars)

	For the Three Months Ended		For the year ended	
	September 30, 2024	September 30, 2023	June 30, 2024	June 30, 2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
Cash flows provided from (used in):				
OPERATING ACTIVITIES				
Loss	\$ (448,168)	\$ (161,398)	\$ (2,689,754)	\$ (1,316,790)
Adjustments for items not affecting cash:				
Fair value (gain) loss on investment	95,000	-	(105,000)	80,000
Impairment loss	-	-	461,778	-
Stock-based compensation	-	-	858,577	389,481
	(353,168)	(161,398)	(1,474,399)	(847,309)
Net changes in non-cash working capital items:				
GST and VAT receivable	40,302	25,587	(203,828)	(18,206)
Prepaid expenses and deposits	39,073	(27,008)	(150,342)	14,501
Accounts payable and accrued liabilities	(109)	31,181	182,307	2,579
Advance from Boliden	(152,540)	-	948,214	-
Net cash flows used in operating activities	(426,442)	(131,638)	(698,048)	(848,435)
INVESTING ACTIVITIES				
Advances and deposits	-	(8,179)	(4,860)	(70,571)
Exploration and evaluation acquisition costs	-	-	-	-
Exploration and evaluation exploration	(18,267)	(73,151)	(328,003)	(614,670)
Net cash flows used in investing activities	(18,267)	(81,330)	(332,863)	(685,241)
FINANCING ACTIVITIES				
Proceeds from private placement	-	-	4,510,000	3,000,000
Proceeds from stock options exercised	-	-	173,200	-
Proceeds from compensation options	12,675	-	85,202	-
Proceeds from warrants exercised	2,500	-	81,500	-
Share issuance costs	-	-	(482,871)	(448,767)
Net cash flows provided from financing	15,175	-	4,367,031	2,551,233
Net increase in cash and cash equivalents	(429,534)	(212,968)	3,336,120	1,017,557
Cash and cash equivalents, beginning of year	5,861,955	2,525,835	2,525,835	1,508,278
Cash and cash equivalents, end of year	\$ 5,432,421	\$ 2,312,867	\$ 5,861,955	\$ 2,525,835

Comments on the financial overview

The comments below are related to the financial information presented above and refer to the three months ended September 30, 2024 and 2023, and the fiscal years ended June 30, 2024 and 2023. This section shall be read in conjunction with the financial overview, the historical financial overview and the Company's condensed interim consolidated financial statements for the three months ended September 30, 2024 and 2023 and the Company's annual audited consolidated financial statements for the years ended June 30, 2024 and 2023.

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.

Comparison between three months ended September 30, 2024 and September 30, 2023

Income statement

The Company incurred a loss and comprehensive loss of \$448,168 during the three months ended September 30, 2024 as compared to the net loss and comprehensive loss of \$161,398 for the three months ended September 30, 2023, an increase in loss of \$286,770. The increase in loss and comprehensive loss was primarily driven by:

- An unrealized loss recognized on investment in marketable securities of \$95,000 in the current quarter compared to an unrealized loss of \$Nil in the comparative quarter due to changes in the quoted price for this investment in the current period compared to the prior period;
- An increase in general and administrative costs of \$87,220 in the current quarter compared to the comparative quarter, as a result of increased travel activity and related expenses in the current quarter, including a tour of the Company's Viken property;
- An increase in marketing and investor-related expenditures of \$89,637 when compared to the comparative quarter. This is a result of increased advertising and promotional activity in the current quarter consistent with an increase in corporate activity.
- An increase in consulting fees of \$25,183 and professional fees of \$28,803, largely due to financial advisory and professional services received during the current quarter in connection with the Company's pursuit of a secondary listing of its shares on the Nasdaq First North Growth Market in Sweden.

The increases in loss and comprehensive loss were partially offset by increases in interest income and management fee income of \$30,234 and \$14,521, respectively.

Assets

A summary of the exploration assets and expenditures incurred on the Company's properties during the three months ended September 30, 2024 are as follows:

	Tomtebo Property	Svärdsjö Property	Gruvberget Property	Bakar Property	Other Properties	Total
Acquisition Costs						
Balance, June 30, 2024	\$ 1,721,205	\$ -	\$ 302,450	\$ 32,051	\$ 45,900	\$ 2,701,606
Balance, September 30, 2024	\$ 1,721,205	\$ -	\$ 302,450	\$ 32,051	\$ 645,900	\$ 2,701,606
Deferred Exploration Costs						
Balance, June 30, 2024	\$ 4,013,594	\$ -	\$ 603,648	\$ 115,337	\$ 113,832	\$ 4,846,411
Consulting	51,906	1,120	84	-	4,467	57,577
Geochemistry	22,253	-	-	-	395	22,648
Drilling	-	-	-	-	-	-
Other costs	5,081	64	-	-	722	5,867
(recovery)						
Cost recovery	(79,240)	-	-	-	-	(79,240)
Impairment	-	(1,184)	-	-	-	(1,184)
Balance, September 30, 2024	\$ 4,013,594	\$ -	\$ 603,732	\$ 115,337	\$ 119,416	\$ 4,852,079
Balance, September 30, 2024	\$ 5,734,799	\$ -	\$ 906,182	\$ 147,388	\$ 765,316	\$ 7,553,685

Cash flow

Cash used in operating activities for the three months ended September 30, 2024 was \$426,442 compared to \$131,638 used in operating activities for the three months ended September 30, 2023.

During the three months ended September 30, 2024, the Company invested \$18,267 in exploration and evaluation assets and advances and deposits for exploration, compared with \$81,330 during the three months ended September 30, 2023.

During the three months ended September 30, 2024, the Company raised \$15,175 (2023 - \$Nil) from the exercising of compensation options and warrants for gross proceeds of \$12,675 and \$2,500, respectively.

Comparison between fiscal years June 30, 2024 and June 30, 2023

Income statement

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.

Assets

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
Acquisition Costs						
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)
Balance, June 30, 2024	\$ 1,721,205	\$ -	\$ 302,450	\$ 32,051	\$ 645,900	\$ 2,701,606
Deferred Exploration Costs						
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)
Balance, June 30, 2024	\$ 4,013,594	\$ -	\$ 603,648	\$ 115,337	\$ 113,832	\$ 4,846,411
Balance, June 30, 2023	\$ 5,916,745	\$ 453,344	\$ 857,537	\$ 127,198	\$ 5,593	\$ 7,360,417
Balance, June 30, 2024	\$ 5,734,799	\$ -	\$ 906,098	\$ 147,388	\$ 759,732	\$ 7,548,017

Cash flow

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 Option 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 Common Shares, including upon the exercise of stock options and warrants (2023 - \$2,551,233).

Capital structure and indebtedness

The information presented below describes the Company's capital structure and indebtedness as of January 17, 2025. See section "Shares, share capital, and ownership" for further information regarding the Company's share capital and shares.

Capital structure

Equity and liabilities

For further information on the balances in equity, refer to the section “Balance sheet”.

Authorized share capital

Refer to “Shareholders’ Rights” section.

Issued share capital

Three months ended September 30, 2024

During the three months ended September 30, 2024, 12,500 share purchase warrants were exercised at an exercise price of \$0.20 for gross proceeds of \$2,500.

During the three months ended September 30, 2024, 84,504 compensation options were exercised at an exercise price of \$0.15 for aggregate gross proceeds of \$12,676. Accordingly, the Company reclassified \$12,589 from reserves to share capital.

Subsequent to September 30, 2024, the Company issued 12,500 common shares pursuant to the exercise of warrants for aggregate gross proceeds of \$2,500.

Subsequent to September 30, 2024, the Company issued 167,823 common shares pursuant to the exercise of compensation options for aggregate gross proceeds of \$26,013.

Year ended June 30, 2024

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.

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 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.

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.

Year ended June 30, 2023

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.

During the year ended June 30, 2023, there were no stock options, share purchase warrants or compensation options exercised.

Net Indebtedness

The Company does not have any short-term, long-term loans or other indebtedness.

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.

Working Capital Statement

As of the date for the completion of this Company Description, the Board of directors assess the Working Capital to be sufficient to meet the Company's working capital and capital expenditure needs for the upcoming twelve months.

Board of directors, executive management and auditor

According to the Company's proposed articles of associations, the Board of directors of the Company shall consist of four (4) board members. Presented below is the Board of directors of the Company. The Board of directors is elected annually for a term expiring on the date of Company's next annual general meeting. The Board consists of four (4) directors, three (3) of whom are independent based upon the tests for independence set forth in National Instrument 52-110 – Audit Committees ("NI 52-110") and NI 58-101.

Name	Position	Member since	Independence in relation to	
			Company and management	Major shareholders
Jonathan Challis	Director	2020	Yes	Yes
Doug Ramshaw	Director	2020	Yes	Yes
Joanna Cameron	Director	2019	Yes	Yes
Garrett Ainsworth	Director and CEO	2018	No	No
Marlis Yassin	CFO	2021	No	No

Board of directors

Jonathan Challis, 1952-05-01

Director since: 2020-10-07

Experience and relevant training

Mr. Jonathan Challis is a mining engineer with over 30 years experience in the operation, management, financing and analysis of mining projects around the world. Mr. Challis has an honours degree in Mineral Exploitation from University College, Cardiff and an MBA degree from Cranfield School of Management. He has both the South

African Metalliferous Mine Captain's and Mine Manager's Certificates of Competency. He is a Fellow of the Institution of Materials, Minerals and Mining and a Chartered Engineer. He was formerly a Director of Peregrine Diamonds Ltd. (TSX – operating in Canada); Peregrine Metals Ltd (TSX-V a metals exploration company operating in Argentina); Chairman of Rye Patch Gold (TSX-V involved in gold exploration in Nevada).

Current assignments

Mr. Challis is currently a Director of Pasinex Resources (a zinc exploration and producer in Turkey) and Alerio Gold Corp. (an exploration stage company).

Holdings in the Company

Common Shares: 30,000

Stock Options: 1,250,000

Warrants: 15,000

Doug Ramshaw, 1971-09-22

Director since: 2020-03-09

Experience and relevant training

Mr. Ramshaw has spent more than two decades as a senior executive in the resource sector. Following obtaining his Bachelor of Science degree in Mining Geology from the Royal School of Mines, Mr. Ramshaw began his career in the U.K. including time spent as a mining analyst for an independent brokerage firm in London prior to moving to Canada. More recently he served as President and CEO of Corex Gold Corp. and presided over its merger with Minera Alamos Inc. where he continues to serve as President. Mr. Ramshaw also acts as an independent director of Great Bear Resources.

Current assignments

Mr. Ramshaw is currently President and Director of Minera Alamos Inc. (a gold developer/producer with assets in Mexico).

Holdings in the Company

Common Shares: 1,362,000

Stock Options: 1,250,000

Warrants: 90,000

Joanna Cameron, 1969-05-06

Director since: 2019-07-31

Experience and relevant training

Ms. Cameron is a partner at Osler with more than 25 years of experience in corporate and securities law with a focus primarily on capital market transactions and business law matters, including equity and debt financings, initial public offerings as well as public and private mergers and acquisitions. Prior to joining Osler, Ms. Cameron was an Associate at DuMoulin Black LLP, Ms. Cameron was the Vice President Legal, General Counsel and Corporate Secretary of NexGen; and, was also previously a partner at Cassels Brock & Blackwell LLP, Lawson Lundell LLP, and Norton Rose LLP. Ms. Cameron obtained her Bachelor of Laws from the University of Saskatchewan and a Bachelor of Arts, Honours (Economics and History) from Queen's University and a Masters of Business Administration from the University of Toronto.

Current assignments

Ms. Cameron is a Director of Durango Resources Inc. (an exploration company focused on precious and base mineral resources within Canada).

Holdings in the Company

Common Shares: 280,000

Stock Options: 1,200,000

Warrants: 15,000

Garrett Ainsworth, 1978-09-12

See under "Executive Management"

Executive management

Garrett Ainsworth, 1978-09-12

CEO since 2018-07-11

Experience and relevant training

Mr. Ainsworth is an accomplished professional geologist and mining executive that has been awarded for two significant mineral discoveries and has raised more than \$300M in equity and convertible debt throughout his career. Prior to joining District Metals Corp., Mr. Ainsworth was Vice President Exploration & Development at NexGen Energy Ltd. where he led the technical team and was involved with marketing and raising capital. Prior to NexGen, Mr. Ainsworth was the Vice President Exploration at Alpha Minerals Inc., and project managed the discovery of the Patterson Lake South high-grade uranium boulder field and drill discovery of the Triple R Uranium deposit. He was previously a Director of Standard Uranium Ltd. from 2018 to 2021, as well as a Director of IsoEnergy Ltd. and NxGold Ltd. from 2016 to 2018. Mr. Ainsworth is an Institute of Corporate Directors, Director (ICD.D), and a Professional Geoscientist (PGeo) in the Province of British Columbia. He also holds a Diploma of Technology in Mining and Bachelor of Technology in Environmental Engineering with honours from BCIT, and a Bachelor of Science in Geology with first class honours from Birkbeck, University of London.

Current assignments

Mr. Ainsworth is currently the Chairman of Kraken Energy Corp., and a Technical Advisor of Aero Energy Ltd. and Summa Silver Corp.

Holdings in the Company

Common Shares: 3,340,000

Stock Options: 3,650,000

Warrants: 15,000

Marlis Yassin, 1980-12-15

CFO since 2021-02-04

Experience and relevant training

Ms. Yassin has over 20 years experience working with companies in various sectors, including mining, technology, and industrial products. She has held finance management positions at various public companies, including a large industrial products company and mid-tier mining companies. Ms. Yassin gained extensive experience at Deloitte providing reporting, advisory and assurance services to publicly traded companies, primarily in natural

resources. Ms. Yassin is a CPA, CA and holds a Bachelor of Commerce degree from the University of British Columbia.

Current assignments

Ms. Yassin is currently Chief Executive Officer and Corporate Secretary of Goldshore Resources Inc. (gold exploration in Canada) and is a Director of Kraken Energy Corp.

Holdings in the Company

Common Shares: 50,000

Stock Options: 990,000

Warrants: Nil

Remuneration to the Board of directors and executive management

Remuneration of Directors and executive management includes all amounts earned and awarded to the Company's Board of Directors and executive management. Executive management includes the Company's Chief Executive Officer and Chief Financial Officer ("**Executive Management**"). The Company's related parties consist of its key management personnel and close family members of its key management personnel, including its directors and officers.

During the normal course of business, the Company enters into transactions with its related parties that are considered to be arm's length transactions.

The following information regarding executive compensation is presented in accordance with National Instrument Form 51-102F6V – Statement of Executive Compensation – Venture Issuers, and sets forth compensation for each of Garrett Ainsworth, President, CEO and a director of the Company, Marlis Yassin, CFO and Corporate Secretary of the Company (together, the "NEOs") and Joanna Cameron, Jonathan Challis and Doug Ramshaw, directors of the Company.

- (a) Executive Management compensation for the years ended June 30, 2024 and 2023 were as follows:

June 30, 2024			June 30, 2023		
Salary	\$	382,500	\$	255,000	
Consulting	\$	299,120	\$	231,900	

- (b) On June 1, 2020, the Company entered into an employment agreement with the Company's Chief Executive Officer ("CEO") effective June 1, 2020, pursuant to which, if the Company experiences a change of control the CEO is entitled to 24 months of salary. Pursuant to the employment agreement, the Company incurred a total salary of \$382,500 to the CEO during the year ended June 30, 2024 (2023 - \$255,000), of which \$127,500 relates to a performance bonus approved by the Board, recorded in consulting fees. The Company had \$12,533 due to the CEO at June 30, 2024 (2023 - \$Nil).
- (c) During the years ended June 30, 2024 and 2023, the Company paid consulting fees of \$100,000 and \$60,000, respectively, for services provided by the CFO.
- (d) During the years ended June 30, 2024 and 2023, the Company incurred stock-based compensation expense of \$505,802 and \$292,111, respectively, related to stock options granted to officers and directors of the Company.
- (e) During the years ended June 30, 2024 and 2023, the Company paid director's fees of \$72,000 and \$36,000, respectively, recorded in consulting fees, to directors of the Company.
- (f) During the years ended June 30, 2024 and 2023, the Company paid consulting fees of \$107,320 and \$108,400 to a company controlled by a close family member of the CFO for administrative, accounting and corporate services.

- (g) During the years ended June 30, 2024 and 2023, the Company paid consulting fees of \$6,600 and \$27,500 to Doug Ramshaw, a director of the Company.
- (h) During the years ended June 30, 2024 and 2023, the Company paid consulting fees of \$6,600 and \$Nil to Jonathan Chalis, a director of the Company.
- (i) During the years ended June 30, 2024 and 2023, the Company paid consulting fees of \$6,600 and \$Nil to Joanna Cameron, a director of the Company.

Stock Option Plans and Other Incentive Plans

Refer to “Shares, share capital and ownership structure” for a description of the Company’s Omnibus Plan and existing 2023 Option Plan (together, the “Incentive Plans”). Under the terms of the Incentive Plans, the Board may grant options to purchase Common Shares of the Company to NEOs, Directors and employees of the Company or affiliated corporations and to consultants retained by the Company.

Compensation of Directors

Compensation of directors of the Company is reviewed annually and determined by the Board. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

In the Board’s view, there is, and has been, no need for the Company to design or implement a formal compensation program for directors. While the Board will consider Awards to Directors under the proposed Omnibus Plan from time to time, the Board does not employ a prescribed methodology when determining the grant or allocation of awards. Other than the 2023 Option Plan and the Omnibus Plan as discussed above, the Company does not offer any long-term incentive plans, share compensation plans or any other such benefit programs for directors.

Compensation of NEOs

Compensation of NEOs is reviewed annually and determined by the Board.

The level of compensation for NEOs is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

Indebtedness Of Directors And Executive Officers

None of the current or former directors, executive officers, employees of the Company or its subsidiaries, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company or its subsidiaries since the beginning of the last completed financial year of the Company.

Interest Of Informed Persons In Material Transactions

No person who has been a director or executive officer of the Company, nor any proposed nominee for director of the Company, nor any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of the Company’s last completed financial year which has materially affected or would materially affect the Company or its subsidiaries.

Other information about the Board of directors and executive management

Each member within the board and Executive Management are reachable via the Company’s address 907 – 1030 West Georgia Street, Vancouver, BC V6E 2Y3.

There are no family relationships between the board members and/or the executive management. In the past five years, no board member or member of the executive management has been convicted of any fraud-related offences. No Board member or member of Executive Management has been involved in any bankruptcy proceedings, nor has any such individual been sanctioned, accused by a public authority or self-regulatory organization, or banned from taking part in business activities. No board member or member of the Executive Management or any closely related party to such person has acquired assets (other than securities) from, or has sold assets to, the Company or its subsidiaries. To the extent that board members or other members of management hold stock options in the Company, these have been acquired in accordance with the 2023 Option Plan.

Jonathan Challis is a director of Alerio Gold Corp. (“Alerio”). On February 29, 2024, a failure to file cease trade order (“FFCTO”) was issued to Alerio by the British Columbia Securities Commission (the “BCSC”) for failure to file its audited annual financial statements and related documents for the year ended August 31, 2023, and its interim financial statements for the period ended November 30, 2023. Alerio filed the annual financial statements and corresponding documents on May 28, 2024, and the interim financial statements on May 29, 2024. The FFCTO was revoked on October 7, 2024. Mr. Challis is a director of Pasinex Resources Limited. (“Pasinex”). On April 30, 2024, an FFCTO was issued to Pasinex by the BCSC for failure to file its audited annual financial statements and related documents for the year ended December 31, 2023. Pasinex filed the annual financial statements on May 31, 2024, and the FFCTO was revoked on June 11, 2024. On June 11, 2024, a cease trade order was issued to Pasinex by the BCSC for failure to file its interim financial statements and related documents for the period ended March 31, 2024. Pasinex filed the interim financial statements on July 8, 2024, and the FFCTO was revoked by the BCSC on July 9, 2024.

Auditor

The Company’s current auditor is Davidson & Company LLP, Chartered Professional Accountants (“**Davidson**”).

Corporate Governance

General

District Metals Corp. (the “**Company**”) is a company incorporated under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) and is a reporting issuer in the provinces of British Columbia and Alberta, Canada. The Company must comply with the corporate governance practices set out in the BCBCA and more specifically, in the Company’s articles (the “**Articles**”), securities laws in Canada and the policies of the TSXV (the “**Canadian rules**”). Refer to section “Shares, share capital and ownership structure” for specifics on the Company’s Common Shares.

Corporate governance relates to the activities of the board of directors of the Company (the “**Board**”), the members of which are elected by and are accountable to the shareholders and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

General Meeting of Shareholders

Under the Canadian rules, the Company is generally required to hold an annual general meeting of shareholders (“**AGM**”) within fifteen (15) months of its previous annual general meeting of shareholders. Generally, at each AGM, shareholders receive the audited financial statements of the Company for the previously completed financial year, elect directors and appoint an auditor for the ensuing year. Shareholders may also be asked to approve certain additional items that may be required under the various Canadian securities and corporate law, such as major corporate actions. Under TSXV policies, for example, certain equity incentive plans require re-approval each year by shareholders.

Only shareholders whose names have been entered in the register of shareholders at the close of business on the record date for voting at an AGM will be entitled to receive notice of, and to vote at, an AGM. Most shareholders of the Company are “non-registered” shareholders because the common shares they own are not

registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares. Under Canadian rules, these non-registered shareholders generally vote at an AGM by completing a proxy or voting instruction form. Non-registered shareholders can also strike out the names of the persons named in the proxy and insert their name (or other person selected by the non-registered shareholders) in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. In either case, non-registered shareholders should carefully follow the instructions provided, including those regarding when and where the voting instruction form or the proxy is to be delivered.

The Board

The fundamental responsibility of the Board is to provide stewardship and governance over the management of the Company with the objective of maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner. This is done in context of the requirements under the Company's incorporating documents, an appropriate system of corporate governance and internal controls and applicable law. The Board is responsible for the management or supervising the management of the Company's business and affairs. In supervising the conduct of the business, the Board, through the CEO, sets the standards of conduct for the Company.

Management

Management functions of the Company are not, to any substantial degree, performed other than by directors or by the CEO and CFO of the Company. The individual members of management are responsible for the day-to-day operations of the Company.

Audit

On May 24, 2024, Davidson was appointed the Company's auditor following the resignation of the Company's previous auditors, Smythe LLP. Under Canadian rules, the Company must have an auditor and its year end financial statements must be audited in accordance with the applicable Canadian laws.

The Company has established an audit committee (the "**Audit Committee**") of the Board.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any governmental body or the public, the systems of internal controls of the Company regarding finance, accounting, and legal compliance that management and the Board have established, and the auditing, accounting and financial reporting processes of the Company generally. Consistent with this function, the Audit Committee encourages continuous improvement of, and should foster adherence to, the policies, procedures, and practices at all levels of the Company.

Shares, share capital and ownership structure

General information

The Company 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. On July 17, 2019, the Company changed its name to District Metals Corp. The Company's registered office is located at 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8, Canada.

On July 19, 2019, the Company's Common Shares commenced trading on the TSXV as a Tier 2 mining issuer under the symbol "DMX", and on September 12, 2023 commenced trading on the OTCQB under the symbol "DMXCF". The Company trades on the Frankfurt Stock Exchange under the symbol "DFPP".

Equity Compensation Incentive Plans

Omnibus Plan

On December 12, 2024, at the Annual and Special Meeting of Shareholders, the Company's shareholders approved the adoption of an incentive plan (the "Omnibus Plan") to replace the 2023 Option Plan. All security-based compensation granted after November 4, 2024 will be governed by the Omnibus Plan.

The Omnibus Plan is a ten percent (10%) rolling plan, pursuant to which the Board of Directors may grant stock options, restricted share units, performance share units and deferred share units to certain directors, officers, employees and consultants of the Company and its subsidiaries.

Depending on the type of award granted under the Omnibus Plan, the terms of such an award will vary. The maximum aggregate number of common shares that can be reserved for issuance under the Omnibus Plan is 10% of the Company's issued and outstanding common shares at the time of grant. The Omnibus Plan shall be administered and interpreted by the Board of Directors or by a committee appointed by the Board of Directors. The full text of the Omnibus Plan is included in the 2024 Management Information Circular available on the Company's website (<https://www.districtmetals.com/investors/sedar>).

There have been no awards under the Omnibus Plan as of the date of this Company Description.

2023 Stock Option Plan

The Company's previous equity compensation incentive plan was a 10% rolling stock option plan (the "2023 Option Plan") pursuant to which the Board of Directors granted stock options to purchase common shares to certain directors, officers, employees and consultants of the Company and its subsidiaries. The 2023 Option Plan continues to govern the terms of stock option awards granted prior to November 4, 2024. As of the date hereof, there are 11,975,000 stock options outstanding under the 2023 Option Plan corresponding to 9.2 % of the issued and outstanding common shares, 8,340,000 of which are held directly or indirectly by directors or members of the executive management of the Company. The 2023 Option Plan was last approved by shareholders at the Annual and Special Meeting of Shareholders held on December 4, 2023.

The material terms of the 2023 Option Plan can be summarised as follows.

The maximum aggregate number of common shares that can be reserved for issuance pursuant to the exercise of stock options is 10 % of the Company's current issued and outstanding share capital (on a non-diluted basis). 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 is determined by the Board of Directors, but 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 TSXV policy.

Warrants

Please refer to the section titled "Legal matters and complementary information > Material Agreements > PI Financial Corp. Underwriting Agreement and PI Financial Corp. Agency Agreement".

Development of share capital

The table below presents the historical development for the Company's share capital from July 1, 2022 until the date hereof, including all events related to changes in the number of shares or share capital. All transactions have a value quote of one (1). Refer to the "Capital Structure" section for future details on the financings disclosed in the table.

Date	Event	Number of shares		Share capital (CAD)		Subscription or exercise price (CAD)
		Change	Total after the change	Change	Total after the change	
Mar 2, 2023	Private Placement Financing	20,000,000	106,980,707	3,000,000.00	73,914,660.79	0.15
Jan 15, 2024	Viken Property Acquisition	1,000,000	107,980,707	250,000.00	74,164,660.79	0.25
Jan 23, 2024	Warrant Exercise	87,500	108,068,207	17,500.00	74,182,160.79	0.20
Feb 2, 2024	Private Placement Financing	20,500,000	128,568,207	4,510,000.00	78,692,160.79	0.22
Feb 2, 2024	Warrant Exercise	131,250	128,699,457	26,250.00	78,718,410.79	0.20
Feb 28, 2024	Stock Option Exercise	50,000	128,749,457	19,356.00	78,737,766.79	0.22
Mar 1, 2024	Warrant Exercise	145,000	128,894,457	29,000.00	78,766,766.79	0.20
Mar 5, 2024	Compensation Option Exercise	200,000	129,094,457	59,794.00	78,826,560.79	0.15
Mar 14, 2024	Compensation Option Exercise	290,406	129,384,863	86,822.90	78,913,383.69	0.15
Mar 15, 2024	Warrant Exercise	43,750	129,428,613	8,750.00	78,922,133.69	0.20
May 15, 2024	Compensation Option Exercise	47,520	129,476,133	14,207.00	78,936,340.69	0.15
May 17, 2024	Stock Option Exercise	25,000	129,501,133	9,678.00	78,946,018.69	0.20
May 17, 2024	Stock Option Exercise	20,000	129,521,133	7,960.00	78,953,978.69	0.21
May 22, 2024	Compensation Option Exercise	12,500	129,533,633	3,737.00	78,957,715.69	0.15
May 28, 2024	Compensation Option Exercise	11,992	129,545,625	5,047.00	78,962,762.69	0.22
Jun 21, 2024	Stock Option Exercise	770,000	130,315,625	298,088.00	79,260,850.69	0.20
Jul 17, 2024	Warrant Exercise	12,500	130,328,125	2,500.00	79,263,350.69	0.20
Aug 30, 2024	Compensation Option Exercise	9,504	130,337,629	2,841.42	79,266,192.11	0.15
Sept 26, 2024	Compensation Option Exercise	75,000	130,412,629	22,422.83	79,288,614.94	0.15

Oct 10, 2024	Warrant Exercise	12,500	130,425,129	2,500.00	79,291,114.94	0.20
Oct 21, 2024	Compensation Option Exercise	113,550	130,538,679	33,948.16	79,325,063.10	0.15
Oct 25, 2024	Compensation Option Exercise	11,992	130,550,671	5,047.46	79,330,110.56	0.22
Oct 25, 2024	Compensation Option Exercise	15,206	130,565,877	4,546.15	79,334,656.71	0.15
Dec 12, 2024	Compensation Option Exercise	27,075	130,592,952	8,094.64	79,342,751.35	0.15

The Company's shares are registered electronically and accounted by Canadian Depository for Securities Limited ("CDS"), a central depository service and electronic clearing and settlement system used in Canada. As described in detail below, each of the Company's common shares have an equal right on the Company's assets and profits, and there exist no restrictions regarding the shares' transferability.

Shareholders' Rights

General Information

The Company is authorized to issue an unlimited number of common shares without par value and without any special rights or restrictions (the “**Shares**”). Under Canadian rules, adjustments to the rights of a share generally require the approval of shareholders.

Voting Rights

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per Common Share at all such meetings.

Preferential Rights

The Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Dividends and Liquidation

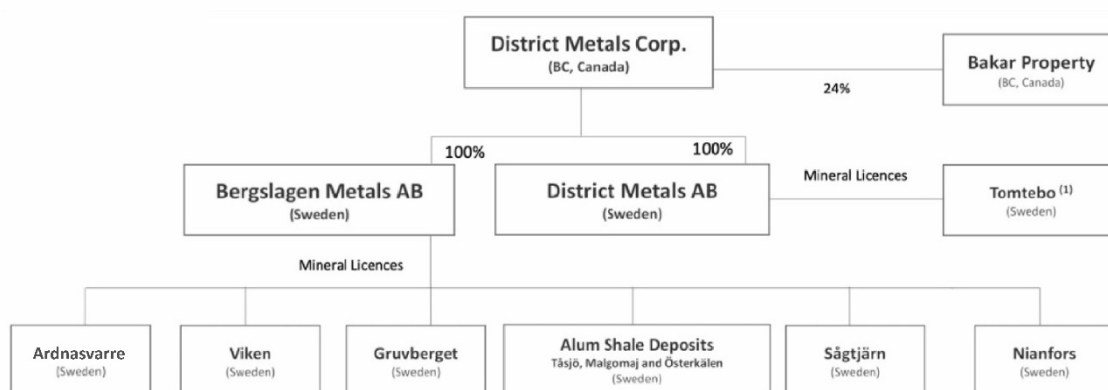
Holders of Shares are entitled to receive on a *pro rata* basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available for the payment of dividends. Upon the liquidation, dissolution or winding up of the Company, shareholders are entitled to receive on a *pro rata* basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a *pro rata* basis with the holders of Shares with respect to dividends or liquidation.

Swedish Depositary Receipts

The Company has entered into an agreement (the “SDR Agreement”) with DNB Bank ASA, Sweden Branch (“DNB”) as custodian and issuer of Swedish depositary receipts (Sw. svenska depåbevis) representing underlying shares in the Company (“SDRs”) registered in the central securities depository maintained by Euroclear Sweden AB (“Euroclear”). General terms and conditions for Swedish depositary receipts can be found on the company’s website: <https://www.districtmetals.com/investors/share-structure/>.

Legal matters and complementary information

The corporate structure of District as of the date hereof is depicted below.



Notes:

(1) Subject to earn-in agreement with Boliden Mineral AB, effective October 27, 2023

Material Agreements

Tomtebo Property acquisition

On June 29, 2020, the Company completed its acquisition of 100% ownership of the Tomtebo exploration licenses (the “Tomtebo Property”) from Viad Royalties AB, a wholly owned subsidiary of EMX Royalty Corp. (“EMX”). The Tomtebo Property is located in the Bergslagen mining district of South Central Sweden.

The consideration included:

- issue of 5,882,830 common shares in the capital of the Company to EMX;
- cash consideration of \$35,000; and
- granting of a 2.5% net smelter royalty on the property to EMX.

All requirements to retain the Tomtebo Property were completed in fiscal 2021 except for certain payments due upon a mineral resource estimate and/or preliminary economic assessment.

Gruvberget Property acquisition

On October 12, 2021, the Company completed the acquisition of the Gruvberget Property located in Sweden from Explora Mineral AB (“Explora”). The Gruvberget Property is located in the Bergslagen mining district, northwest of the Tomtebo Property.

As consideration for the acquisition of the Gruvberget Property, the Company:

- issued 1,000,000 common shares to Explora, having a fair value of \$240,000;
- paid \$20,000 cash consideration to Explora;
- granted Explora a 2.5% NSR royalty on the Gruvberget Property subject to an option to repurchase the entire 2.5% NSR royalty for CAD 8,000,000 at any time; and
- agreed to incur \$500,000 of eligible work expenditures on the Gruvberget Property within two years from closing.

According to the Company, it had completed all requirements to retain the Gruvberget Property by June 30, 2023.

Bakar Property Joint Venture, Vancouver Island

On December 18, 2020, the Company closed the sale of an 80% interest in its Bakar copper property located on Vancouver Island (the “Bakar Property”) to Sherpa II Holdings Corp. (“Sherpa II”) for a \$50,000 cash payment, 1,000,000 common shares of Sherpa II and \$200,000 in work commitments. The original property vendor (Longford Capital Corp.) retains a 2% NSR on one of the eight mineral claims that comprises the Bakar Property, and this NSR may be repurchased in its entirety for \$6,500,000.

A joint venture was formed with Sherpa II for the development of the project, in which Sherpa II currently initially holds an 80% interest. Exploration of the project is managed by District pursuant to the terms of an exploration management agreement entered into between District and Sherpa II. In consideration of District’s funding of an exploratory drilling program in the project, the participating interests of the parties are expected to be rebalanced so that upon completion, District will hold a 54% interest and Sherpa II will hold a 46% interest in the joint venture.

PI Financial Corp. Agency Agreement

The Company entered into an agreement with PI Financial Corp. (the “Agent”) on January 30, 2023, to act as lead agent and sole bookrunner, on behalf of a syndicate of agents including Haywood Securities Inc, for a marketed best efforts private placement of up to 20,000,000 units (the “2023 Units”), at a price of \$0.15 per 2023 Unit (the “2023 Offering Price”) to raise aggregate gross proceeds of up to \$3,000,000 (the “2023 Offering”).

Each 2023 Unit was to be comprised of one Share in the capital of the Company and one-half of one Share purchase warrant (each whole such warrant, a “2023 Warrant”) of the Company. Each 2023 Warrant was to entitle the holder thereof to acquire one Share at a price of \$0.20 for a period of 36 months from the closing date of the 2023 Offering.

The 2023 Warrants were issued pursuant to the provisions of a warrant agreement entered into between the Company and Odyssey Trust Company as warrant agent on the same date.

The Company agreed to pay to the Agents a cash commission equal to 6% of the gross proceeds of the 2023 Offering. In addition, the Company agreed to issue to the Agents compensation options of the Company exercisable for a period of 36 months, to acquire in aggregate that number of Shares which is equal to 6% of the number of Units sold under the 2023 Offering at the 2023 Offering Price. Accordingly, the Company issued the Agents 1,200,000 compensation options in connection with closing the 2023 Offering.

Boliden Mineral Property Earn-In and Option Agreement

On October 27, 2023, the Company entered into the Earn-In Agreement with 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.

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.

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.

Asset Purchase Agreement Viken licenses

On December 22, 2023, and January 15, 2024, the Company entered into an asset purchase agreement ("APA") and a net smelter returns royalty agreement with license holder Andrew Hausher (the "Vendor").

Under the APA, the Company, through its subsidiary Bergslagen Metals, acquired the remaining four mineral licences covering the Viken energy metals deposit located in Jämtland County, central Sweden, that the Company did not already control, resulting in the consolidation of 100% of the Viken energy metals deposit into the Company.

The principal terms of the agreements include

- \$50,000 cash payable to the Vendor on closing.
- \$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 shares to be issued to the Vendor on closing.
- 3,500,000 District shares to be issued to the Vendor within 30 days following the moratorium on uranium exploration and mining in Sweden being lifted.
- A 2% NSR royalty granted to the Vendor 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. District has repurchased this 2% NSR pursuant to the terms of the Viken Royalty Purchase Agreement, which remains subject to TSXV approval.

PI Financial Corp. Underwriting Agreement

On February 1, 2024, the Company entered into an underwriting agreement with PI Financial Corp. as lead underwriter and sole bookrunner, on behalf of a syndicate of underwriters (the "Underwriters") whereby the latter agreed to purchase, on a brokered private placement basis 20,500,000 units of the Company (the "2024 Units"), at a purchase price of \$0.22 per 2024 Unit, for aggregate gross proceeds of \$4,510,000 (the "2024 Offering"). Each 2024 Unit to be comprised of one Share and one half of one transferable Share purchase warrant (each whole such Share purchase warrant, a "2024 Warrant"). Each 2024 Warrant shall entitle the holder thereof to acquire one additional Share at a price of \$0.30 for a period of 36 months from the closing date of the 2024 Offering.

The 2024 Warrants were issued pursuant to the provisions of a warrant indenture entered into between the Company and Odyssey Trust Company as warrant agent on the same date.

In consideration for their services, the Underwriters received a cash commission equal to 6.0 % of the gross proceeds of the 2024 Offering and non-transferable compensation options, entitling the Underwriters to purchase that number of Shares equal to 6.0% of the aggregate number of 2024 Units issued by the Company

under the 2024 Offering for a period of 36 months from the closing date. Accordingly, the Company issued the Underwriters 1,230,000 compensation options in connection with closing the 2024 Offering.

Disputes

None of the Companies are a party to any legal or administrative proceedings or involved in any other claim or dispute, and none of the Companies has been a party to any such matter in the past twelve months. Furthermore, none of the Companies have been informed of circumstances that could lead to any such future claim, dispute or proceeding.

Intellectual property rights

The Company's intellectual property includes the company names *District Metals Corp.*, *District Metals*, and *Bergslagen Metals*, as well as the Company's domain (<https://www.districtmetals.com>). In addition, the Company's Swedish exploration licenses are classified as intellectual property.

The Company holds, through its subsidiaries, the following Swedish exploration licenses (the "Licenses").

Property title	Date of grant	Date of expiration	District	Minerals	Area size (hectares)
Lill Viken	23.11.2022	23.11.2025	Berg, Sweden	Molybdenum, nickel, vanadium, pyrite, copper, tantalum	96.04
Norr Viken	23.11.2022	23.11.2025	Berg, Sweden	Molybdenum, nickel, vanadium, pyrite, copper, tantalum	56.25
Norra Leden	17.01.2023	17.01.2026	Berg, Sweden	Rubidium, copper, molybdenum, nickel, pyrite, vanadium	172.50
Storviken	21.02.2023	21.02.2026	Berg, Sweden	Molybdenum, nickel, vanadium, pyrite, copper	1,121.03
Nyberget 101	28.06.2018	28.06.2026	Säter, Sweden	Gold, silver, copper, zinc, lead	1,160.44
Nianfors 2	23.08.2023	23.08.2026	Hudiksvall, Sweden	Molybdenum, copper, zinc, scandium, yttrium, lanthanum, lanthanide	956.15
Tomtebo 201	25.09.2018	25.09.2026	Säter, Sweden	Gold, silver, copper, zinc, lead	268.01
Tomtebo 203	25.09.2018	25.09.2026	Falu and Säter, Sweden	Gold, silver, copper, zinc, lead	3,715.41
Viken 1	03.04.2023	03.04.2026	Åre and Berg, Sweden	Molybdenum, nickel, vanadium, zinc, scandium, yttrium, lanthanum, lanthanides	2,301.50
Ardnasvarre 1	17.04.2023	17.04.2026	Arjeplog, Sweden	Fluorspar, lanthanum, lanthanides, copper, molybdenum, scandium, yttrium, zirconium	9,708.41
Viken 2	27.04.2023	27.04.2026	Berg, Sweden	Molybdenum, nickel, vanadium, zinc, scandium, yttrium, lanthanum, lanthanides	1,419.61
Viken 3	27.04.2023	27.04.2026	Åre and Berg, Sweden	Molybdenum, nickel, vanadium, zinc, scandium,	5,646.18

				yttrium, lanthanum, lanthanides	
Tåsjö 101	28.04.2023	28.04.2026	Strömsund, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	2,243.25
Tåsjö 102	04.05.2023	04.05.2026	Strömsund and Dorotea, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	1,575.06
Tåsjö 103	04.05.2023	04.05.2026	Strömsund and Dorotea, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	5,218.13
Tåsjö 104	05.05.2023	05.05.2026	Strömsund, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	2,332.43
Tåsjö 105	05.05.2023	05.05.2026	Strömsund, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	4,255.67
Sågtjärn 101	10.05.2023	10.05.2026	Ånge, Berg and Härjedalen, Sweden	Copper, zinc, lead, silver, gold, molybdenum, cobalt, iron	2,635.38
Sågtjärn 102	10.05.2023	10.05.2026	Ånge and Härjedalen, Sweden	Copper, zinc, lead, silver, gold, molybdenum, cobalt, iron	1,432.71
Nianfors 1	30.06.2023	30.06.2026	Ljusdal, Bollnäs and Hudiksvall, Sweden	Molybdenum, copper, zinc, scandium, yttrium, lanthanum, lanthanides	1,647.42
Viken 4	11.04.2024	11.04.2027	Åre, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	27,844.28
Tåsjö 108	11.04.2024	11.04.2027	Dorotea, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	6,999.39
Malgomaj 1002	11.04.2024	11.04.2027	Vilhelmina, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	16,180.36
Malgomaj 1001	23.04.2024	23.04.2027	Vilhelmina, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	13,316.14
Malgomaj 1003	23.04.2024	23.04.2027	Vilhelmina, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	7,635.23
Tåsjö 106	23.04.2024	23.04.2027	Dorotea, Sweden	Lanthanum, lanthanides, molybdenum, nickel,	303.71

				scandium, vanadium, yttrium, zinc	
Österkälén 101	29.04.2024	29.04.2027	Strömsund, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	7,802.52
Tåsjö 107	14.05.2024	14.05.2027	Strömsund and Dorotea, Sweden	Lanthanum, lanthanides, molybdenum, nickel, scandium, vanadium, yttrium, zinc	11,388.73
Gruvberget 1001	15.05.2019	15.05.2027	Leksand, Sweden	Zinc, lead, copper, silver, gold	207.95
Gruvberget 1002	02.02.2022	02.02.2028	Leksand, Sweden	Zinc, lead, copper, silver, gold	5,078.13

All of the Licenses are duly registered with DMAB or Bergslagen Metals as holder. The public records at the Mining Inspectorate confirm that the Licenses are in good standing.

Transactions with related parties

Related parties refer to District, the Subsidiaries, the board of directors and executive management. During the period covered by the historical financial information included in this Company Description, the following transactions have been made with related parties. All transactions with related parties have been carried out at arm's length.

Name and position:	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$):	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Garrett Ainsworth, CEO and Director	2024	255,000	127,500	-	-	-	382,500
	2023	255,000	-	-	-	-	255,000
Marlis Yassin, CFO and Corporate Secretary	2024	75,000	25,000	-	-	-	100,000
	2023	60,000	-	-	-	-	60,000
Joanna Cameron, Director	2024	6,600	12,000	12,000	-	-	30,600
	2023		-	12,000	-	-	12,000

Doug Ramshaw, <i>Director</i>	2024	6,600	12,000	12,000	-	-	30,600
	2023	27,500	-	12,000	-	-	39,500
Jonathan Challis, <i>Director</i>	2024	6,600	12,000	12,000	-	-	30,600
	2023		-	12,000	-	-	12,000

All compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to the members of the executive management and the Board of Directors during the two most recently completed financial years ended June 30, 2024 and 2023 is summarized below:

Garrett Ainsworth is employed as CEO in the Company and receives salary with an employment level of 100 percent with the possibility of an annual bonus. For the fiscal year 2024/2025, up to the date of this Company Description, he has received \$106,250.

Marlis Yassin is hired by the Company as CFO and Corporate Secretary on a consultancy basis. For the fiscal year 2024/2025 up to the date of this Company Description, her employer, Sentinel Corporate Services, received CAD \$37,500.

The following table presents a comprehensive summary of all compensation securities granted or issued by the Company to the members of the executive management and the Board of Directors.

Name and position:	Number of Shares:	Number of Stock Options:	Number of Warrants:	Total:
Garrett Ainsworth, <i>CEO and Director</i>	3 340 000	3 650 000	15 000	7 005 000
Marlis Yassin, <i>CFO and Corporate Secretary</i>	50 000	990 000	-	1 040 000
Joanna Cameron, <i>Director</i>	280 000	1 200 000	15 000	1 495 000
Doug Ramshaw, <i>Director</i>	1 362 000	1 250 000	90 000	2 702 000
Jonathan Challis, <i>Director</i>	30 000	1 250 000	15 000	1 265 000
Total	5 022 000	8 340 000	135 000	13 467 000

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 for \$11,500 per month for recurring services provided to District and DMAB. The agreement entitles Sentinel to stock options, to be allocated to certain employees of Sentinel in recognition of services rendered.

During the year ended June 30, 2024, the Company incurred expenses for services provided by Sentinel of \$107,320 (2023 - \$108,400).

Except as stated above, no transactions between board members or other related parties occurred during the period from July 1, 2022 up to the date of this Company Description.

Transfer Agent

The transfer agent and registrar for the Shares of the Company in Canada is Odyssey Trust Company of Canada, 350 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

Certified Adviser

The Company's Certified Adviser is Bergs Securities AB. The deal is running with 3 months' notice. To the date of completion of this Company Description, Bergs Securities does not own any Shares in the Company.

Addresses

The Company's Articles of Association and Registration is always available for examination during the Company Description's period of validity. The documents are available in both electronic format on the Company's website and in the office during office hours.

The Company

District Metals Corp.

907 - 1030 West Georgia Street. Vancouver, British Columbia, Canada. V6E 2Y3

<https://www.districtmetals.com>

Legal Adviser to the Company

Wåhlin Advokater AB

Nybrogatan 39, 114 39 Stockholm

<https://www.wahlinlaw.se>

Certified Adviser to the Company

Bergs Securities FK AB

Jungfrugatan 35, 114 44 Stockholm

www.Bergssecurities.se

Auditor to the Company

Davidson & Company LLP

1200 – 609 Granville Street, Vancouver, BC V7Y 1H4

<https://davidson-co.com>

Central securities depository

Euroclear Sweden AB

Klarabergsviadukten 63, 101 23 Stockholm

Box 91

www.euroclear.com

Articles of Association

Incorporation number: C0753480

**DISTRICT METALS CORP.
(the "Company")**

EFFECTIVE
DATE OF
ARTICLES March 31, 2006

The Company has as its articles the following articles.

Full name and signature of authorized signatory

Date of signing


George W. Heard

March 31, 2006

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1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;
- (2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) "*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) "legal personal representative" means the personal or other legal representative of the shareholder;
- (5) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;
- (6) "seal" means the seal of the Company, if any.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were set out herein. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the

surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid as a fee to the Company for issuance of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any determined by the directors, which must not exceed the amount prescribed under the *Business Corporations Act*.

2.9 Recognition of Trusts and Partial Interests in Shares

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property;
 - (c) money; and
- (2) the directors in their discretion have determined that the value of the consideration received by the Company is equal to or greater than the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options, convertible debentures and rights upon such terms and conditions as the directors determine, which share purchase warrants, options, convertible debentures and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register and any Branch Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register and may maintain a branch securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register or any branch securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company;

- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

For the purpose of this Article, delivery or surrender to the agent which maintains the Company's central securities register or a branch securities register, if applicable, will constitute receipt by or surrender to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an authorized instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share

certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid as a fee to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require a declaration of transmission made by the legal personal representative stating the particulars of the transmission, proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations with respect to the shares as were held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by resolution of the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

7.3 Redemption of Shares

If the Company proposes to redeem some but not all of the shares of any class, the Directors may, subject to any special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed shall be selected.

7.4 Sale and Voting of Purchased Shares

If the Company retains a share which it has redeemed, purchased or otherwise acquired, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

8. BORROWING POWERS

8.1 Powers of Company

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

8.2 Bonds, Debentures, Debt

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of Directors or otherwise and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the Directors may determine.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors:
 - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
 - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
 - (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
 - (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares is allotted or issued, increase the par value of those shares;
 - (e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or
 - (f) alter the identifying name of any of its shares; and
- (2) by ordinary resolution otherwise alter its shares or authorized share structure.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, if none of those shares has been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares, if none of those shares has been issued; and

- (2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above if any of the shares of the class or series of shares has been issued.

9.3 Change of Name

The Company may by resolution of its directors or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

The Company, save as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the directors' powers, control or authority; and
- (2) if the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, by ordinary resolution alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Location of Meetings of Shareholders

A meeting of the Company may be held:

- (1) in the Province of British Columbia;
- (2) at another location outside British Columbia if that location is:
 - (a) approved by resolution of the directors before the meeting is held; or
 - (b) approved in writing by the Registrar of Companies before the meeting is held.

10.5 Notice for Meetings of Shareholders

Subject to Article 10.2, the Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.6 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of and to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meetings is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent, or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting or a circular prepared in connection with the meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of that document:
 - (a) will be available for inspection by shareholders at the Company's head office, or at such other reasonably accessible location in British Columbia as is specified in the notice during statutory business hours on any one or more specified days before the day set for the holding of the meeting; and
 - (b) may provide that the document is available by request from the Company or accessible electronically or on a website as determined by the directors.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;

- (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exception resolution;
- (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution (when such resolution is required by law) at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person present in person or by proxy.

11.4 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting shall constitute a quorum.

11.8 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president willing to act as chair of the meeting or present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose a director, officer or corporate counsel to be chair of the meeting or if none of the above persons are present or if they decline to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.12 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.17, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs.
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

11.17 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.18 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.19 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.20 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.21 Demand for Poll Not to Prevent Continuance of

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article d12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the

person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either in person or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
 - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (b) at the discretion of the chair, be provided at the meeting to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

- (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation that is a shareholder may appoint a proxy holder.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint up to two proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name] as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder – printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

12.16 Electronic Meetings and Voting

The directors may determine that a meeting of shareholders shall be held entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate with each other during the meeting, and any vote at that meeting of shareholders shall be held entirely by means of that communication facility. A meeting of shareholders may also be held at which some, but not all, persons entitled to attend may participate and vote by means of such a communication facility, if the directors determine to make one available. A person participating in a meeting by such means is deemed to be present at the meeting. Any vote at a meeting of shareholders may be also held entirely by means of a telephonic, electronic or other communication facility, if the directors determine to make one available, even if none of the persons entitled to attend otherwise participates in the meeting by means of a communication facility. For the purpose of voting, a communication facility that is made available by the Company must enable the votes to be gathered in a manner that adequately discloses the intentions of the shareholders and permits a proper tally of the votes to be presented to the Company. The instructing of proxy holders may be carried out by means of

telephonic, electronic or other communication facility in addition to or in substitution for instructing proxy holders by mail.

13. DIRECTORS

13.1 Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2) or 13.1(3):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

- (2) those directors whose term of office expires at the annual general meeting cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*; or
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately upon the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or

appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. ALTERNATE DIRECTORS

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;

- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business*

Corporations Act or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16.3 Remuneration of Auditors

The directors may set the remuneration of the auditors. If the directors so decide, the remuneration of the auditors will be determined by the shareholders.

17. DISCLOSURE OF INTEREST OF DIRECTORS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disc losable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company is invalid merely because:

- (1) a director or senior officer of the company
- (2) a director or senior officer of the company has not disclosed an interest he or she has in the contract or transaction; or
- (3) the directors or shareholders of the company have not approved the contract or transaction in which a director or senior officer of the company has an interest.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as a director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board or if designated by the chair, the president, a director or other officer; or
- (3) any other director or officer chosen by the directors if:
 - (a) neither the chair of the board nor the president is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president is willing to chair the meeting; or
 - (c) the chair of the board and the president have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.6 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.7 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.8 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

18.9 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.10 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.11 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Article 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times and in such manner and form as the directors may require.

19.4 Powers of Board

The Directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee;

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is

elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Definitions

In this Article 21, "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors and Officers

The directors must cause the Company to indemnify its directors and officers, and former directors and officers, and alternate directors, and their respective heirs and personal or other legal representatives to the greatest extent permitted by the *Business Corporations Act*. Each director and officer is deemed to have contracted with the Company on the terms of the indemnity contained in this section.

21.3 Mandatory Payment of Expenses of Directors and Officers

The directors must cause the Company to pay the expenses reasonably and actually incurred by its directors and officers, and former directors and officers, and alternate directors, and their respective heirs and personal or other legal representatives to the greatest extent permitted by the *Business Corporations Act*. Each director and officer is deemed to have contracted with the Company on the terms of the indemnity referred to in this section.

21.4 Indemnification

Subject to any restrictions in the *Business Corporations Act* and these Articles, the Company may indemnify any other person.

21.5 Non-Compliance with *Business Corporations Act*

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.6 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividend

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid to the appropriate taxing authority.

22.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

23. DOCUMENTS, RECORDS AND REPORTS

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the Directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

24. NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;

- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class.
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

24.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer

25.3 Mechanical Reproduction of Seal

The Directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. PROHIBITIONS

26.1 Definitions

In this Article 26:

- (1) "designated security" means:
 - (a) a voting security of the Company;
 - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
 - (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (2) "security" has the meaning assigned in the Securities Act (British Columbia);
- (3) "voting security" means a security of the Company that:
 - (a) is not a debt security, and
 - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

26.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

26.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.