

MATERIAL CHANGE REPORT
Form 51-102F3

Item 1 **Name and Address of Company**

District Metals Corp. (“**DMX**” or the “**Company**”)
907-1030 West Georgia Street
Vancouver, British Columbia V6E 2Y3.

Item 2 **Date of Material Change**

The material change occurred effective December 14, 2021.

Item 3 **News Release**

A press release relating to the material change described herein was disseminated on December 14, 2021 via Canada NewsWire.

Item 4 **Summary of Material Changes**

On December 14, 2021, District Metals Corp. closed its previously announced brokered private placement unit financing pursuant to an agency agreement with Haywood Securities Inc., raising aggregate gross proceeds of \$1,800,000.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

On December 14, 2021 (the “**Closing Date**”), the Company closed its previously announced brokered private placement financing pursuant to an agency agreement with Haywood Securities Inc. (the “**Agent**”), raising aggregate gross proceeds of \$1,800,000 (the “**Offering**”). Under the terms of the Offering, the Company issued a total of 7,200,000 units (the “**Units**”) at a price of \$0.25 per Unit.

Each Unit consists of one common share in the capital of the Company (a “**Unit Share**”) and one-half of one common share purchase warrant (each whole such purchase warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire one common share in the capital of the Company (a “**Warrant Share**”) at \$0.35 per Warrant Share for a period of 24 months from the Closing Date. The Warrants are governed by the terms of a warrant indenture entered into between the Company and Odyssey Trust Company dated December 14, 2021.

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

In consideration for its services, the Agent received a cash commission of \$89,580 and was issued 358,320 compensation options, with each such compensation option entitling the holder to purchase one Unit of the Company at a price of \$0.25 per Unit for a period of 24 months from the date of issuance.

All securities issued and issuable pursuant to the Offering are subject to a statutory hold period and may not be traded until April 15, 2022 except as permitted by applicable securities legislation and the rules and policies of the TSX Venture Exchange.

Certain related parties of the Company participated in the Offering. The issuance of Units to related parties is considered to be a related party transaction within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 (“**MI 61-101**”). The Company has relied on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 (and

Policy 5.9) as the fair market value of the Units issued to such persons does not exceed 25% of the Company's market capitalization.

Mr. Garrett Ainsworth acquired 40,000 Units pursuant to the Offering for total consideration of \$10,000. Subsequent to the Offering, Mr. Ainsworth beneficially owns or controls 2,604,000 common shares of the Company and 45,000 common share purchase warrants representing approximately 2.99% of the issued and outstanding common shares of the Company on a non-diluted basis and approximately 2.90% of the issued and outstanding common shares of the Company on a partially diluted basis assuming exercise of the warrants acquired under the Offering and forming part of the Units.

Mr. Doug Ramshaw acquired 200,000 Units pursuant to the Offering for total consideration of \$50,000. Subsequent to the Offering, Mr. Ramshaw beneficially owns or controls 652,000 common shares of the Company and 125,000 common share purchase warrants representing approximately 0.75% of the issued and outstanding common shares of the Company on a non-diluted basis and approximately 0.83% of the issued and outstanding common shares of the Company on a partially diluted basis assuming exercise of the warrants acquired under the Offering and forming part of the Units.

Mr. Ainsworth and Mr. Ramshaw participated in the Offering in order to assist the Company in raising the required funds to pursue its business objectives and for investment purposes. Each of Mr. Ainsworth and Mr. Ramshaw entered into a subscription agreement with the Company that contains customary terms and is in the same applicable form as that entered into by other places.

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

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Garrett Ainsworth,
Chief Executive Officer
(604) 288-4430
info@districtmetals.com

Item 9 Date of Report

This report is dated December 22, 2021.