



MANAGEMENT INFORMATION CIRCULAR
FOR SHAREHOLDERS OF
DISTRICT METALS CORP.

TO BE HELD ON NOVEMBER 3, 2022

DATED: OCTOBER 7, 2022

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General and Special meeting (the "**Meeting**") of the shareholders of **DISTRICT METALS CORP.** (the "**Company**") will be held at 918-1030 West Georgia Street, Vancouver, BC, V6E 2Y3, on **Thursday, November 3rd, 2022**, at **10:00 a.m.** (Pacific Time), for the following purposes:

1. To receive and consider the financial statements of the Company for the years ended June 30, 2021 and 2022;
2. To fix the number of directors for the ensuing year at four (4);
3. To elect the directors for the ensuing year;
4. To re-appoint Smythe LLP, Chartered Professional Accountants as the Company's auditor for the ensuing year, at a remuneration to be fixed by the directors;
5. To consider and, if thought fit, to pass, an ordinary resolution to approve the Company's new 10% Rolling Stock Option Plan; and
6. To transact such further or other business as may properly come before the Meeting and any adjournment(s) thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the information circular (the "**Circular**") accompanying this notice.

This notice is accompanied by the Circular, a form of proxy and a supplemental mailing list return card.

Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and to return it in the envelope provided for that purpose.

The board of directors of the Company (the "**Board**") has by resolution fixed the close of business on September 27, 2022 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to notice of and to vote at the Meeting and any adjournment(s) thereof.

Proxies to be used at the Meeting must be deposited with the Company, c/o the Company's transfer agent, Odyssey Trust Company ("**Odyssey**") at 350-409 Granville Street, Vancouver, BC, V6C 1T2, by hand or by fax in North America at 1-888-290-1175), not less than 48 hours (excluding Saturdays, Sundays, and holidays) 5:00 pm (Vancouver time) on November 1, 2022.

Non-registered shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

DATED at Vancouver, British Columbia this the 7th day of October 2022.

BY ORDER OF THE BOARD

"Garrett Ainsworth"

Garrett Ainsworth

Chief Executive Officer and Director

SOLICITATION OF PROXIES

This Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management (the “**Management**”) of District Metals Corp. (the “**Company**”), for use at the annual general and special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of the Company to be held on **Thursday, November 3, 2022**, at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment or postponement thereof. Unless otherwise stated all information contained in this Circular is as of September 27, 2022.

Attending the Meeting by Telephone Conference

The Meeting will be held via telephone conference.
To dial into the Meeting by telephone, Shareholders will phone:

North America Toll Free: 1-866-811-9555
Participant Passcode: 5283379#

The enclosed form of proxy (the “**Proxy**”) is solicited by Management. The solicitation will be primarily by mail; however, proxies may be solicited personally or by telephone by directors, officers, and employees of the Company, to whom no additional compensation may be paid. The cost of solicitation, if any, will be borne by the Company.

These proxy-related materials are being sent to both Registered Shareholders (as defined below) and Beneficial Shareholders (as defined below) of the Company. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding shares on your behalf. In this event, by choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions as specified in the enclosed voting instruction form.

References in this Circular to the Meeting include any adjournment or postponement thereof. Unless otherwise indicated, in this Circular, all references to “\$” are to Canadian dollars.

APPOINTMENT OF PROXYHOLDERS

The persons named in the Proxy are representatives of the Company (the “**Proxyholders**”). **A Shareholder entitled to vote at the Meeting has the right to appoint a person (who need not be a Shareholder) to attend and act on the Shareholder’s behalf at the Meeting other than the persons named in the accompanying form of proxy. To exercise this right, a Shareholder shall strike out the names of the persons named in the accompanying form of proxy and insert the name of the Shareholder’s nominee in the blank space provided or complete another proper form of proxy.**

VOTING BY PROXYHOLDER

Manner of Voting

The common shares represented by the Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder and, if the Shareholder specifies a choice on the Proxy with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of instructions to the contrary, the Proxyholders intend to vote the common shares represented by each Proxy, properly executed, in favour of the motions proposed to be made at the Meeting and set out in the Notice of Meeting.** The Proxy, when properly signed, confers discretionary authority on the Proxyholder with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters that may properly be brought before the Meeting. At the time of printing this Circular, Management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to Management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the Proxyholder.

Revocation of Proxy

A Shareholder who has given a Proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer and deposited with the Company's registrar and transfer agent, Odyssey Trust Company ("Odyssey") at 350-409 Granville Street, Vancouver, BC, V6C 1T2, or by fax within North America 1-888-290-1175 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement of it, at which the proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment or postponement of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting Thresholds Required for Approval

In order to approve a motion proposed at the Meeting, a majority of not less than one-half of the votes cast will be required (an "**Ordinary Resolution**") unless the motion requires a special resolution, in which case a majority of not less than two-thirds of the votes cast will be required.

ADVICE TO REGISTERED SHAREHOLDERS

Shareholders whose names appear on the records of the Company as the registered holders of common shares in the capital of the Company (the "**Registered Shareholders**") may choose to vote by proxy whether or not they are able to attend the Meeting in person.

Registered Shareholders who choose to submit a Proxy may do so by completing, signing, dating, and depositing the Proxy with Odyssey, by hand or mail at 350-409 Granville Street, Vancouver, BC, V6C 1T2, or by fax in North America at 1-888-290-1175), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement thereof. The Proxy may be signed by the Shareholder or by his or her attorney in writing, or, if the Registered Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

Returning your proxy form

To be effective, we must receive your completed proxy form no later than 5:00 pm (Vancouver time) on November 1, 2022.

If the Meeting is postponed or adjourned, we must receive your completed form of proxy by 5:00 p.m. (Vancouver time), two full business days before any adjourned or postponed meeting. Late proxies may be accepted or rejected by the Chair of the Meeting at his or her discretion and he or she is under no obligation to accept or reject a late proxy. The Chair of the Meeting may waive or extend the proxy cut-off without notice.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold shares in their own name.

Shareholders who do not hold their shares in their own name (the "**Beneficial Shareholders**") should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting.

If shares are listed in an account statement provided to a Shareholder by an intermediary, such as a brokerage firm, then, in almost all cases, those shares will not be registered in the Shareholder's name on the records of the Company. Such shares will more likely be registered under the name of the Shareholder's broker or an agent or nominee of that broker, and consequently the Shareholder will be a Beneficial Shareholder. In Canada, the vast majority of such shares are registered under the name CDS & Co. (being the registration name for the Canadian Depository for Securities Inc., which acts as nominee for many Canadian brokerage firms). The shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers are prohibited from voting shares for their clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person. Please return your voting instructions as specified in the request for voting instructions.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a Proxyholder for a Registered Shareholder and vote their shares in that capacity. Beneficial Shareholders who wish to

attend the Meeting and indirectly vote their shares as proxyholder for a Registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their shares as a proxyholder.

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities that they own (“**OBOs**” for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (“**NOBOs**” for Non-Objecting Beneficial Owners).

Non-Objecting Beneficial Owners

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs. This year, the Company will rely on those provisions of NI 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (“**VIF**”) from the Company’s transfer agent, Odyssey. These VIFs are to be completed and returned to Odyssey in the envelope provided or by email to proxy@odysseytrust.com. In addition, Odyssey provides internet voting as described on the VIF itself which contains complete instructions. Odyssey will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

Objecting Beneficial Owners

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their shares are voted at the Meeting.

Applicable regulatory rules require intermediaries to seek voting instructions from OBOs in advance of Shareholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by OBOs in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to an OBO by its broker, agent or nominee is limited to instructing the registered holder of the shares on how to vote such shares on behalf of the OBO.

The form of proxy provided to OBOs by intermediaries will be similar to the Proxy provided to Registered Shareholders. However, its purpose is limited to instructing the intermediary on how to vote your shares on your behalf. The majority of intermediaries now delegate responsibility for obtaining instructions from OBOs to Broadridge Investor Communications (“**Broadridge**”). Broadridge typically supplies voting instruction forms, mails those forms to OBOs, and asks those OBOs to return the forms to Broadridge or follow specific telephonic or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the meeting. **An OBO receiving a voting instruction form from Broadridge cannot use that form to vote shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure that such shares are voted.**

The Company does not intend to pay for Broadridge or any other intermediary to forward these meeting materials to OBOs and, as a result, OBOs will not receive meeting materials unless the OBOs’ intermediary assumes the cost of delivery.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, none of the directors (“**Directors**”) or executive officers (“**Officers**”) of the Company, at any time since the beginning of the Company’s last financial year, nor any proposed nominee for election as a Director, or any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors. Directors and Officers may, however, be interested in the approval of the New Plan as detailed in “*Particulars of Matters to be Acted On - Stock Option Plan*” below, as such persons are entitled to participate in the New Plan.

RECORD DATE, VOTING SHARES, AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company has fixed the close of business on September 27, 2022 as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive notice of, and vote at the Meeting. Only Shareholders of record as of the Record Date who either personally attend the Meeting or who have completed and delivered a proxy

in the manner and subject to the provisions described above, shall be entitled to vote or to have such Shareholder's shares voted at the Meeting, or any adjournment or postponement thereof.

The Company's authorized capital consists of an unlimited number of common shares without par value. As at the Record Date, the Company has 86,980,707 Common Shares issued and outstanding, each share carrying the right to one vote.

Principal Holders of Voting Securities

To the knowledge of the Directors and Officers of the Company, as of the date of this Circular, no person owns, directs, or controls, directly or indirectly, 10% or more of the issued and outstanding Common Shares.

EXECUTIVE COMPENSATION

Statement of Executive Compensation

For the purposes of this Circular, a Named Executive Officer (“NEO”) of the Company means each of the following individuals:

- a) the chief executive officer (“CEO”) of the Company;
- b) the chief financial officer (“CFO”) of the Company;
- c) the most highly compensated executive officer, other than the CEO and CFO, who was serving as an executive officer at the end of the most recently completed financial year and whose total compensation was more than \$150,000; and
- d) each individual who would be a NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

The following information regarding executive compensation is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation*, and sets forth compensation for each of Garrett Ainsworth, Chief Executive Officer (“CEO”) and a director of the Company, Marlis Yassin, Chief Financial Officer (“CFO”) of the Company (together, the “NEOs”) and Joanna Cameron, Jonathan Challis, and Doug Ramshaw, directors of the Company (together along with the CEO, the “Directors”).

Gavin Cooper resigned as CFO and Marlis Yassin was appointed as CFO, both effective February 4, 2021.

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each NEO, in any capacity, and each Director, during the two most recently completed financial years ended June 30, 2022 and 2021:

<i>Table of Compensation Excluding Compensation Securities</i>							
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 ⁽¹⁾ <i>CEO and Director</i>	2022	255,000	Nil	Nil	Nil	Nil	255,000
	2021	251,795	74,375	Nil	Nil	52,500	378,670
Marlis Yassin ⁽²⁾ <i>CFO</i>	2022	60,000	Nil	Nil	Nil	Nil	60,000
	2021	16,550	Nil	Nil	Nil	Nil	16,550

Gavin Cooper ⁽³⁾ <i>Former CFO</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	10,000	Nil	Nil	Nil	Nil	10,000
Jonathan Challis ⁽⁴⁾ <i>Director</i>	2022	Nil	Nil	12,000	Nil	Nil	12,000
	2021	Nil	Nil	6,000	Nil	Nil	6,000
Joanna Cameron ⁽⁵⁾ <i>Director</i>	2022	Nil	Nil	12,000	Nil	Nil	12,000
	2021	Nil	Nil	6,000	Nil	Nil	6,000
Doug Ramshaw ⁽⁶⁾ <i>Director</i>	2022	25,000	Nil	12,000	Nil	Nil	37,000
	2021	15,000	Nil	6,000	Nil	Nil	21,000
Anna Ladd-Kruger ⁽⁷⁾ <i>Former Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Garrett Ainsworth was appointed CEO and Director on July 11, 2018.
- (2) Marlis Yassin was appointed as CFO on February 4, 2021.
- (3) Gavin Cooper was appointed as CFO of the Company on April 28, 2017 and resigned as CFO on February 4, 2021.
- (4) Jonathan Challis was appointed as Director of the Company on October 7, 2020.
- (5) Joanna Cameron was appointed as a Director of the Company on July 31, 2019.
- (6) Doug Ramshaw was appointed Director on March 9, 2020.
- (7) Anna Ladd-Kruger was appointed Director of the Company on July 31, 2019, and resigned on October 7, 2020.

Stock Options and Other Compensation Securities and Instruments

The following table sets out all compensation securities granted or issued by the Company to each NEO, and Director of the Company, current and former, for the financial years ended June 30, 2022, and 2021 for services provided or to be provided, directly or indirectly, to the Company. Footnotes to the table disclose compensation securities held at the financial year end but granted during previous financial years.

<i>Table of Compensation Securities</i>							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Garrett Ainsworth ⁽¹⁾ <i>CEO and Director</i>	Stock Options	450,000	Dec. 30, 2020	0.46	0.48	0.53	Dec. 30, 2025
		750,000	Oct. 7, 2021	0.25	0.235	0.235	Oct. 7, 2026
Gavin Cooper ⁽²⁾ <i>Former CFO</i>	Stock Options	100,000	August 12, 2019	0.20	0.18	0.105	August 12, 2024
		50,000	June 2, 2020	0.21	0.21	0.53	June 2, 2025
Marlis Yassin ⁽³⁾ <i>CFO</i>	Stock Options	150,000	Dec. 30, 2020	0.46	0.48	0.53	Dec. 30, 2025
		150,000	Oct. 7, 2021	0.25	0.235	0.235	Oct. 7, 2026
Joanna Cameron ⁽⁴⁾ <i>Director</i>	Stock Options	150,000	Dec. 30, 2020	0.46	0.20	0.53	Dec. 30, 2025
		250,000	Oct. 7, 2021	0.25	0.235	0.235	Oct. 7, 2026

<i>Table of Compensation Securities</i>							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Doug Ramshaw ⁽⁵⁾ <i>Director</i>	Stock Options	150,000	Dec. 30, 2020	0.46	0.48	0.53	Dec. 30, 2025
		250,000	Oct. 7, 2021	0.25	0.235	0.235	Oct. 7, 2026
Jonathan Challis <i>Director</i>	Stock Options	300,000	Oct 7, 2020	0.33	0.37	0.53	Oct. 7, 2020
		150,000	Dec 30, 2020	0.46	0.48	0.53	Dec. 30, 2025
		250,000	Oct. 7, 2021	0.25	0.235	0.235	Oct. 7, 2026
Anna Ladd-Kruger ⁽⁶⁾ <i>Former Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil

- (1) At June 30, 2022 Mr. Ainsworth held 250,000 options exercisable at \$0.20 until August 12, 2024 and 750,000 options exercisable at \$0.21 until June 2, 2025.
- (2) At June 30, 2022 Mr. Cooper held 100,00 options exercisable at \$0.20 until August 12, 2024 and 50,000 options exercisable at \$0.21 until June 2, 2025.
- (3) At June 30, 2022 Ms. Yassin held 40,000 options exercisable at \$0.21 until June 2, 2025.
- (4) At June 30, 2022 Ms. Cameron held 150,000 options exercisable at \$0.20 until August 12, 2024 and 250,000 options exercisable at \$0.21 until June 2, 2025.
- (5) At June 30, 2022 Mr. Ramshaw held 300,000 options exercisable at \$0.21 until June 2, 2025.
- (6) At June 30, 2022 Ms. Ladd-Kruger held 50,000 options exercisable at \$0.20 Until August 12, 2024, and 250,000 options exercisable at \$0.21 until June 20, 2025.

Exercise of Compensation Securities by Directors and NEOs

No NEO or Director of the Company exercised compensation securities in the most recently completed financial year.

Stock Option Plans and Other Incentive Plans

The Company has a 10% rolling stock option plan (the “**Current Plan**”) pursuant to which 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. The Shareholders of the Company re-approved the Company’s Current Plan at the annual general and special meeting of the Company held on May 4, 2021.

The purpose of the Current Plan is to (i) provide the Directors, Officers, employees, and consultants responsible for the continued success of the Company with the advantages of the incentive inherent in stock ownership; a proprietary interest in, and a greater concern for, the welfare and success of the Company and to encourage such individuals to remain with the Company; and (ii) to attract new Directors, Officers, employees and consultants to the Company.

Under the Current Plan, the maximum number of Common Shares reserved for issuance, including options currently outstanding, is equal to ten (10%) percent of the Shares outstanding from time to time (the “**10% Maximum**”). The 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation or expiration of any options, a number of Common Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future option grants.

The number of Common Shares which may be the subject of options on a yearly basis to any one person cannot exceed five (5%) percent of the number of issued and outstanding Shares at the time of the grant. In addition, the number of Common Shares which may be the subject of options on a yearly basis to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed two percent (2%) of the issued and outstanding Common Shares.

Options may not be granted to any employee, Officer, Director, consultant, affiliate, or subsidiary of the Company exercisable at a price which is less than the Discounted Market Price (as defined in the policies of the Exchange) of the Common Shares on the date of the grant, subject to certain other restrictions set out in the Current Plan.

The Directors of the Company may, by resolution, determine the time period during which any option may be exercised, provided that no option granted under the Current Plan may have an expiry date exceeding ten (10) years from the date of grant. All options will terminate on the earliest to occur of (a) the expiry of their term; (b) the date of termination of an optionee as an employee, consultant, Director or Officer, if terminated for just cause; (c) thirty (30) days following the date of termination of an optionee's as an employee, consultant, Director or Officer, if terminated for any reason other than the optionee's disability or death; (d) where the optionee's position as an employee, consultant, Director or Officer terminates as a result of the optionee's death, such options may be exercisable by the successor of the optionee a date to be determined by the administrator, which shall not be less than three months and not more than six months from the date of death; and (e) the date of any sale, transfer or assignment of the option.

Shareholder Options are non-assignable.

As of the Record Date there are 6,880,000 options outstanding under the Current Plan, 4,740,000 of which are held directly and indirectly by NEOs or Directors of the Company.

Employment, Consulting and Management Agreements

Management functions of the Company are not, to any substantial degree, performed other than by Directors or NEOs of the Company. Except as described below, there are no agreements or arrangements that provide for compensation to NEOs or Directors of the Company, or that provide for payments to a NEO or Director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, severance, a change of control in the Company or a change in the NEO or Director's responsibilities.

The Company entered into an employment agreement with Garrett Ainsworth on June 1, 2020 (the "**Ainsworth Agreement**"). Pursuant to the Ainsworth Agreement, Mr. Ainsworth is entitled to 12 months of salary in the event of a termination without cause and 24 months of salary in the event of termination upon a change of control of the Company.

The Company entered into a consulting agreement with Marlis Yassin on February 4, 2021 (the "**Yassin Agreement**"). Pursuant to the Yassin Agreement, Ms. Yassin is entitled to 3 months of salary in the event of a termination without cause or in the event of termination upon a change of control of 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 considers option grants to Directors under the Current Plan from time to time, the Board does not employ a prescribed methodology when determining the grant or allocation of options. Other than the Current 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.

Elements of NEO Compensation

As discussed above, the Company provides the Current Plan to motivate NEOs by providing them with the opportunity, through options, to acquire an interest in the Company and benefit from the Company's growth. The Board does not employ a prescribed methodology when determining the grant or allocation of options to NEOs. Other

than the Current Plan, the Company does not offer any long-term incentive plans, share compensation plans, retirement plans, pension plans, or any other such benefit programs for NEOs.

Pension Plan Benefits

No pension, retirement, or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as of June 30, 2022:

Equity Compensation Plan Information			
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)⁽¹⁾
Equity compensation plans approved by securityholders	19,603,786	0.35	1,818,070
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	18,397,866	0.35	1,818,070

(1) Represents the number of Common Shares available for issuance under the Current Plan, which reserves a number of Common Shares for issuance, pursuant to the exercise of options, that is equal to 10% of the issued and outstanding Common Shares from time to time.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, other than indebtedness that has been entirely repaid on or before the date of this Circular or “routine indebtedness”, as that term is defined in Form 51-102F5 of National Instrument 51-102 – *Continuous Disclosure Obligations*, none of

- (a) the individuals who are, or at any time since the beginning of the last financial year of the Company were, a Director or Officer;
- (b) the proposed nominees for election as Directors; or
- (c) any associates of the foregoing persons,

is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any subsidiary of the Company (a “**Subsidiary**”), or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any subsidiary.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, “**Informed Person**” means in respect of the Company:

- (a) a Director or Officer;
- (b) a Director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and

- (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the notes to the Company's financial statements for the financial year ended June 30, 2022 and 2021:

- (a) no Informed Person of the Company;
- (b) none of the proposed nominees for election as a Director; or
- (c) no associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Presentation of Financial Statements

The audited financial statements of the Company for the year ended June 30, 2022 and 2021 (the "**Financial Statements**") and the auditor's report thereon (the "**Auditor's Reports**"), will be presented to Shareholders at the Meeting.

Appointment and Remuneration of Auditor

At the Meeting, Shareholders will be asked to approve the re-appointment of Smythe LLP as the auditor of the Company to hold office until the next Annual General Meeting of the Shareholders at remuneration to be fixed by the Board.

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR appointing Smythe LLP as the Company's independent auditor for the ensuing year at remuneration to be fixed by the Board.

Fixing the Number of Directors

Management proposes, and the persons named in the accompanying form of proxy intend to vote in favour of, fixing the number of Directors for the ensuing year at four (4).

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR fixing the number of Directors at four (4) for the ensuing year.

Election of Directors

Each Director of the Company is elected annually and holds office until the next annual general meeting of Shareholders or until his or her office is earlier vacated, in accordance with the Articles of the Company and the *British Columbia Business Corporations Act*.

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR the election of the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a Director.

The following table sets out the names of the persons proposed to be nominated by Management for election as a Director, the province or state and country in which he is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which he has been a Director of the Company, the respective principal occupations or employment during the past five years if such nominee is not presently an elected Director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Circular. Each of the nominees are currently Directors of the Company.

Name, Province and Country of Residence ⁽¹⁾ , and Positions held with the Company	Principal Occupation and, IF NOT an Elected Director, Principal Occupation during the Past Five Years ⁽¹⁾	Period as a Director ⁽¹⁾	No. of Securities beneficially owned or controlled ⁽¹⁾
Garrett Ainsworth British Columbia, Canada President, CEO, and Director	President, CEO and Director of the Company (2018- present) VP, Exploration and Development, NexGen Energy Ltd. (2014-2018)	Since July 11, 2018	2,624,000 Common Shares 2,200,000 Stock Options 45,000 Warrants
Joanna Cameron ⁽²⁾ British Columbia, Canada Director	Partner, Osler, Hoskin and Harcourt LLP (2022 – present) Associate Counsel, DuMoulin Black LLP (2018 to 2022) Vice President Legal, General Counsel and Corporate Secretary of NexGen Energy Ltd. (2015 to 2018)	Since July 31, 2019	200,000 Common Shares 800,000 Stock Options
Jonathan Challis ⁽²⁾ Kent, United Kingdom Director	Director, Pasinex Resources Limited (2014 to present)	Since October 7, 2020	700,000 Stock Options
Doug Ramshaw ⁽²⁾ British Columbia, Canada Director	President and Director, Minera Alamos Inc. (2018 to present) Director of Great Bear Resources Ltd. (July 2016 -February 2022) President and CEO, Aftermath Silver Ltd. (2013 to 2018)	Since March 9, 2020	932,000 Common Shares 700,000 Stock Options 125,000 Warrants

(1) This information, not being within the knowledge of the Company, has been furnished by the respective nominees. Information provided as at the Record Date.

(2) Member of Audit Committee.

Cease Trade Orders, Corporate and Personal Bankruptcies, Penalties and Sanctions

For purposes of the disclosure in this section, “order” means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

Except as set forth below, to the knowledge of the Company, none of the proposed Directors, including any personal holding company of a proposed Director:

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (i) was subject to a cease trade order, that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings,

arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;

- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Mr. Doug Ramshaw was the President, CEO and Director of Aftermath Silver Ltd., a BC registered company that is listed on the NEX Board of the TSX Venture Exchange Inc. On October 6, 2015, Aftermath Silver was subject to a cease trade order for failure to file financial statements. The cease trade order was lifted on August 18, 2017, by the British Columbia Securities Commission.

Stock Option Plan

The Company has in place the Current Plan, as described under “*Statement of Executive Compensation*”. It is proposed to implement a new Stock Option Plan (the “**New Plan**”), subject to Shareholder approval, to align with the requirements of the updated TSXV Policy 4.4 *Security Based Compensation*. The New Plan has been conditionally approved by the TSXV subject to the receipt of customary documentation and is drafted in accordance with the latest TSXV policies. The New Plan is a “rolling up to 10%” compensation plan as defined in TSXV Policy 4.4, and such types of plans require annual Shareholder approval under TSXV policies.

The New Plan provides that:

- (a) the maximum aggregate number of Common Shares that can be issued pursuant to the exercise of stock options is 10% of the Company’s current issued and outstanding share capital (on a non-diluted basis);
- (b) stock options granted under the New Plan will have an expiry date not to exceed ten years from the date of grant;
- (c) any stock options granted that expire or terminate for any reason without having been exercised will again be available under the New Plan;
- (d) stock options will vest as required by the TSXV, or such other stock exchange which the Company’s Common Shares may be listed, and as may be determined by the administrator of the New Plan, or in the absence of such body, the Board;
- (e) the minimum exercise price of any stock options issued under the New Plan will be determined by the Board at the time of grant, subject to the requirements of the TSXV or such other stock exchange which the Company’s Common Shares may be listed;
- (f) stock options granted will expire within a reasonable period of time after an optionee ceases to be involved with the Company (not to exceed one year), or for any options granted to an individual providing investor relations services, 30 days after the optionee ceases to be involved with the Company;
- (g) the Company cannot grant options to any one consultant in any 12 month period which could, when exercised, result in the issuance of shares exceeding 2% of the issued and outstanding Common Shares of the Company;
- (h) the maximum number of options granted to insiders must not, when exercised, result in the issuance of Common Shares, exceeding, in aggregate, 10% of the issued and outstanding shares of the Company;
- (i) the Company cannot grant options, in any 12 month period, to insiders which could, when exercised, result in the issuance of Common Shares, exceeding, in aggregate, 10% of the issued and outstanding shares of the Company;
- (j) the Company cannot grant options in any 12 month period to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of Common Shares exceeding, in aggregate, 2% of the issued and outstanding shares of the Company and

options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vested in any three month period;

- (k) in connection with the exercise of an option, as a condition to such exercise the Company may require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option;
- (l) if a change of control, as described in the New Plan, occurs, all unvested options shall immediately become vested (other than options held by persons performing investor relations activities) and may thereon be exercised in whole or in part by the option holder, subject to any required approval by the TSXV, or such other stock exchange which the Company's Common Shares may be listed;
- (m) if an option holder ceases to be a Director, Officer, employee, management company employee or consultant of the Company, for any reason other than death, such option holder shall have rights to exercise any option not exercised prior to such termination within a reasonable period of time after the date of termination, such "reasonable period" not to exceed one year after termination; and
- (n) if a Director, Officer, employee, management company employee or consultant dies prior to the expiry of his or her options, the legal representatives of such person may, within the lesser of one year from the date of the option holder's death or the expiry date of the options, exercise that portion of those options which remain outstanding.

The above is subject to the full text of the New Plan attached as Schedule "C". The New Plan also permits "Cashless Exercise" (as defined in TSXV Policy 4.4) whereby the Company may have an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to an option holder to purchase the common shares underlying the option holder's Stock Options. The brokerage firm then sells a sufficient number of common shares to cover the exercise price of the Stock Options in order to repay the loan made to the option holder.

All options to acquire Common Shares of the Company previously issued by the Company to Directors, Officers, employees and consultants of the Company under the Current Plan and currently outstanding are deemed to have been granted and issued under the New Plan and otherwise be governed by the terms and conditions of the New Plan, subject to the specific terms and conditions as to exercise price, vesting periods, if any, and expiry dates as are currently applicable to such options.

The New Plan must be approved by a majority of the votes cast by Shareholders. The New Plan is subject to approval by the TSXV. At the Meeting, Shareholders will be asked to pass the following resolution:

"IT IS RESOLVED, as an ordinary resolution that:

1. The Company adopt a Stock Option Plan, including the reserving for issuance under the Stock Option Plan at any time of a maximum of 10% of the issued common shares of the Company;
2. The Board of Directors be authorized on behalf of the Company to make any further amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of the Shareholders of the Company, in order to ensure adoption of the Stock Option Plan;
3. The Company file the Stock Option Plan with the TSX Venture Exchange for acceptance; and
4. Any one director or officer of the Company is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

Shareholders may vote FOR or AGAINST the above resolution. To be effective, the New Plan requires approval by an ordinary resolution passed by the Shareholders of the Company at a general meeting. An ordinary resolution is a resolution passed by a simple majority of the votes cast in person or by proxy. If approved by the Company's Shareholders, the New Plan will take effect immediately.

AUDIT COMMITTEE DISCLOSURE

The Charter of the Company's audit committee and other information required to be disclosed by National Instrument 52-110 – *Audit Committees* is attached to this Circular as Schedule "A".

CORPORATE GOVERNANCE DISCLOSURE

The information required to be disclosed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* is attached to this Circular as Schedule "B".

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the Company's Financial Statements and Management Discussion and Analysis may be obtained without charge upon request from the Company at Suite 907, 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3. Financial information is provided in the Company's Financial Statements and Management Discussion and Analysis for its most recently completed financial year.

DIRECTOR APPROVAL

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Directors.

DATED this 7th day of October, 2022.

DISTRICT METALS CORP.

"Garrett Ainsworth"

Garrett Ainsworth
President, CEO and Director

SCHEDULE "A"
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE
(VENTURE ISSUERS)

I. PURPOSE

The Audit Committee (the "*Committee*") of the Company is a committee of the Board of Directors with the responsibility under the governing legislation of the Company to review the financial statements, accounting policies and reporting procedures of the Company.

The primary function of the Committee is to assist the Board of Directors 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 Committee should encourage continuous improvement of, and should foster adherence to, the policies, procedures, and practices at all levels of the Company.

The primary duties and responsibilities of the Committee are to:

- Serve as an independent and objective party to monitor the financial reporting process and the system of internal controls of the Company.
- Monitor the independence and performance of the auditor of the Company (the "*Auditor*") and the internal audit function of the Company.
- Provide an open avenue of communication among the Auditor, financial and senior management, and the Board of Directors.

The Committee will primarily fulfill these responsibilities by carrying out the activities set out in Section 4 of this Charter.

II. COMPOSITION

- The Committee shall be comprised of two or more directors as determined by the Board of Directors. The composition of the Committee shall adhere to all applicable corporate and securities laws and all requirements of the stock exchanges on which shares of the Company are listed. In particular, the composition of the Committee shall be in accordance with Multilateral Instrument 52-110 – Audit Committees, and the required qualifications and experience of the members of the Committee, subject to any exemptions or other relief that may be granted from time to time.
- All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall be a "*financial expert*" in accordance with applicable laws and all requirements of the stock exchanges on which shares of the Company are listed.
- Members of the Committee shall be elected by the Board at the meeting of the Board held immediately after the annual meeting of shareholders or such other times as shall be determined by the Board and shall serve until the next such meeting or until their successors shall be duly elected and qualified.
- Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders

after his or her election as a member of the Committee.

- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may from time to time determine.

III. MEETINGS

- The Committee may appoint one of its members to act as Chairman of the Committee. The Chairman will appoint a secretary who will keep minutes of all meetings (the "*Secretary*"). The Secretary does not have to be a member of the Committee or a director and can be changed by written notice from the Chairman.
- No business may be transacted by the Committee except at a meeting at which a quorum of the Committee is present or by a consent resolution in writing signed by all members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.
- The Committee will meet as many times as is necessary to carry out its responsibilities, but in no event will the Committee meet less than four times a year. The Committee shall meet at least once annually with the Auditor. As part of its duty to foster open communication, the Committee should meet at least annually with management and the Auditor in separate executive sessions to discuss any matters that the Committee or each of these parties believe should be discussed privately. In addition, the Committee shall meet with the Auditor and management at least quarterly to review the financial statements of the Company.
- The time at which, and the place where, the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Chairman, unless otherwise provided for in the Articles of the Company or otherwise determined by resolution of the Board of Directors.
- The Committee may invite to, or require the attendance at, any meeting of the Committee, such officers and employees of the Company, legal counsel or other persons as it deems necessary in order to perform its duties and responsibilities. They should also be requested or required to attend meetings of the Committee and make presentations to the Committee as appropriate.
- Subject to the provisions of the governing legislation of the Company and applicable regulations the Chairman of the Committee may exercise the powers of the Committee in between meetings of the Committee. In such event, the Chairman shall immediately report to the members of the Committee and the actions or decisions taken in the name of the Committee shall be recorded in the proceedings of the Committee.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

Documents/Reports Review

- Review and recommend for approval to the Board of Directors of the Company any revisions or updates to this Charter. This review should be done periodically, but at least annually, as conditions dictate.
- Review the interim unaudited quarterly financial statements and the annual audited financial statements, and the related press releases of the Company and report on them to the Board of Directors.
- Satisfy itself, on behalf of the Board of Directors, that the unaudited quarterly financial statements and annual audited financial statements of the Company are fairly presented both in accordance with generally accepted accounting principles and otherwise and recommend to the Board of Directors whether the quarterly and annual financial statements should be approved.

- Satisfy itself, on behalf of the Board of Directors, that the information contained in the quarterly financial statements of the Company, annual report to shareholders and similar documentation required pursuant to the laws of Canada does not contain any untrue statement of any material fact or omit to state a material fact that is required or necessary to make a statement not misleading, in light of the circumstances under which it was made.
- Review any reports or other financial information of the Company submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the Auditor.
- Review, and if deemed advisable, approve all related party transactions as defined in the governing legislation of the Company.
- Have the right, for the purpose of performing their duties: (i) to inspect all the books and records of the Company and its subsidiaries; (ii) to discuss such accounts and records and any matters relating to the financial position of the Company with the officers and auditors of the Company and its subsidiaries and the Auditor; (iii) to commission reports or supplemental information relating to the financial information; (iv) to require the Auditor to attend any or every meeting of the Committee; and (v) to engage such independent counsel and other advisors as are necessary in the determination of the Committee.
- Permit the Board of Directors to refer to the Committee such matters and questions relating to the financial position of the Company and its affiliates, or the reporting related to it as the Board of Directors may from time to time see fit.

Independent Auditor

- Be directly and solely responsible for the appointment, compensation, and oversight of the work of the Auditor of the Company upon shareholder approval of the appointment, with such Auditor being ultimately accountable to the shareholders, the Board and the Committee.
- Act as the Auditor's channel of direct communication to the Company. In this regard, the Committee shall, among other things, receive all reports from the Auditor of the Company, including timely reports of:
 1. all critical accounting policies and practices to be used;
 2. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the management of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Auditor of the Company; and
 3. other material written communications between the Auditor and the management of the Company, including, but not limited to, any management letter or schedule of unadjusted differences.
- Satisfy itself, on behalf of the Board of Directors that the Auditor is "*independent*" of management, within the meaning given to such term in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies. In furtherance of the foregoing, the Committee shall request that the Auditor at least annually provide a formal written statement delineating all relationships between the Auditor and the Company, and request information from the Auditor and management to determine the presence or absence of a conflict of interest. The Committee shall actively engage the Auditor in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditor. The Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the Auditor.
- Be responsible for pre-approving all audit and non-audit services provided by the Auditor; provided, however, that the Committee shall have the authority to delegate such responsibility to one or more of its members to

the extent permitted under applicable law and stock exchange rules.

- Review the performance of the Auditor and make recommendations to the Board of Directors as to whether or not to continue to engage the Auditor.
- Determine and review the remuneration of the Auditor and any independent advisors (including independent counsel) to the Committee.
- Satisfy itself, on behalf of the Board of Directors, that the internal audit function has been effectively carried out and that any matter which the Auditor wishes to bring to the attention of the Board of Directors has been addressed and that there are no "*unresolved differences*" with the Auditor.

Financial Reporting Process and Risk Management

- Review the audit plan of the Auditor for the current year and review advice from the Auditor relating to management and internal controls and the responses of the Company to the suggestions made put forth.
- Monitor the internal accounting controls, informational gathering systems, and management reporting on internal controls of the Company.
- Review with management and the Auditor the relevance and appropriateness of the accounting policies of the Company and review and approve all significant changes to such policies.
- Satisfy itself, on behalf of the Board of Directors, that the Company has implemented appropriate systems of internal control over financial reporting and the safeguarding of the assets of the Company and other "*risk management*" functions (including the identification of significant risks and the establishment of appropriate procedures to manage those risks and the monitoring of corporate performance in light of applicable risks) affecting the assets of the Company, management, financial and business operations and the health and safety of employees and that these systems are operating effectively.
- Review and approve the investment and treasury policies of the Company and monitor compliance with such policies.
- Establish procedures for the receipt and treatment of (i) complaints received by the Company regarding accounting, controls, or auditing matters and (ii) confidential, anonymous submissions by employees of the Company as to concerns regarding questionable accounting or auditing.

Legal and Regulatory Compliance

- Satisfy itself, on behalf of the Board of Directors, that all material statutory deductions have been withheld by the Company and remitted to the appropriate authorities.
- Without limiting its rights to engage counsel generally, review, with the principal legal external counsel of the Company, any legal matter that could have a significant impact on the financial statements of the Company.
- Satisfy itself, on behalf of the Board of Directors, that all regulatory compliance issues have been identified and addressed.

Budgets

- Assist the Board of Directors in the review and approval of operational, capital, and other budgets proposed by management.

General

Perform any other activities consistent with this Charter, the By-laws of the Company and governing law, as the Committee or the Board of Directors deem necessary or appropriate.

Item 2: Composition of the Audit Committee

The current members of the Audit Committee are Jonathan Challis, Doug Ramshaw, and Joanna Cameron a majority of whom are independent and all of whom are financially literate as defined by NI 52-110 and/or the relevant policies of the Exchange, as applicable.

Item 3: Relevant Education and Experience

As previously stated, all members of the Audit Committee are considered financially literate and have been involved in enterprises which publicly report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements). The education and experience of each Committee member that is relevant to the performance of his or her responsibilities as a Committee member is set forth below:

Jonathan Challis – Director – Mr. Challis is a mining engineer with over 30 years of experience in the operation, management, financing, and analysis of mining projects around the world. He started his professional life as a mining engineer with Gold Fields of South Africa in 1974 before returning to Europe where he worked as a mining analyst and project financier for several European institutions. He subsequently joined McLeod Young Weir in London in 1987 as a mining analyst prior to relocating to Toronto in 1990. In 1994, he joined CM Oliver in Toronto as a Director and Senior Mining Analyst, prior to moving back to London where he was instrumental in establishing a European presence for that company. In 1997, he joined Ivanhoe Capital Corporation and was involved in several Canadian resource companies in the roles of CEO, President, and director. He is currently a Director of Pasinex Resources Ltd. He earned an honours degree in Mineral Exploitation from University College, Cardiff, and an MBA degree from Cranfield School of Management. He holds both the South African Metalliferous Mine Captain's and Mine Manager's Certificates of Competency. He is a Fellow of the Institute of Materials, Minerals and Mining (UK) and a Chartered Engineer.

Doug Ramshaw – Director – Mr. Ramshaw is a senior executive and corporate director with more than 25 years of experience in the mineral resource sector. His work has focused on mineral project evaluation, M&A and business development strategies supporting corporate growth. Mr. Ramshaw is currently President and Director of Minera Alamos Inc. and has previously worked as a mining analyst for an independent brokerage firm in London, UK and served in various executive capacities for a number of publicly listed junior resource companies. He holds a Bachelor of Science in Mining Geology from the Royal School of Mines.

Joanna Cameron – Director – 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.

Item 4: Audit Committee Oversight

At no time during the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not been adopted by the Board.

Item 5: Reliance on Certain Exemptions

During the financial years ending June 30, 2022, and 2021, the Company has not relied on any of the following exemptions in NI 52-110: section 2.4 (De Minimis Non-audit Services), subsection 6.1.1(4) (Circumstance Affecting

the Business or Operations of the Venture Issuer), subsection 6.1.1(5) (Events Outside Control of Member), subsection 6.1.1(6) (Death, Incapacity or Resignation), and any exemption, in whole or in part, in Part 8 (Exemptions).

Item 6: Pre-Approval Policies and Procedures

The Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by, as applicable, the Board and the Committee, on a case by case basis.

Item 7: External Auditor Service Fees (By Category)

The following table sets out the aggregate fees charged to the Company by the external auditor in each of the last two financial years for the category of fees described.

	FYE 2022	FYE 2021
Audit Fees ⁽¹⁾	\$38,000	\$42,478
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$3,000	\$2,500
All Other Fees ⁽⁴⁾	Nil	Nil
Total Fees:	\$38,000	\$42,478

1. “Audit Fees” include aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit fees.
2. “Audited Related Fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit Fees” above.
3. “Tax Fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit Fees”, “Audit Related Fees” and “Tax Fees” above.

Item 8: Exemption

During the most recently completed financial year, the Company relied on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

**SCHEDULE “B”
FORM 58-101F2
CORPORATE GOVERNANCE DISCLOSURE
(VENTURE ISSUERS)**

Item 1: Board of Directors

The board of directors of the Company (the “**Board**”) exercises its independent supervision over management of the Company by meeting formally on an as needed basis to review and discuss the Company’s business activities, and to consider and if thought fit, to approve matters presented to the Board for approval, and to provide guidance to management. In addition, management consults with the Board from time to time, when deemed appropriate, to keep it informed regarding the Company’s affairs. The following sets forth the identity of each director that is independent and each director who is not independent.

Director	Independence
Garrett Ainsworth	Not independent, as he is the President and CEO of the Company
Joanna Cameron	Independent
Jonathan Challis	Independent
Doug Ramshaw	Independent

Item 2: Directorships

The following directors of the Company are also currently directors of the following reporting issuers:

Director	Name of Reporting Issuer
Garrett Ainsworth	Au Gold Corp. Kraken Energy Corp.
Joanna Cameron	Durango Resources Inc.
Jonathan Challis	Alerio Gold Corp. Pasinex Resources Ltd.
Doug Ramshaw	Minera Alamos Inc. Goldshore Resources Inc.

Item 3: Orientation and Continuing Education

The Board does not have a formal orientation process for new Board members. Orientation is done on an informal basis. New Board members are provided with such information as is considered necessary to ensure that they are familiar with the Company’s business and understand his or her responsibilities as a member of the Board.

Similarly, the Board does not have a formal continuing education program for its directors. The Company expects its directors to pursue such continuing education opportunities as may be required to ensure that they maintain the skill and knowledge necessary to fulfill their duties as members of the Board. Directors are however invited to consult with the Company’s professional advisors, as necessary, regarding their duties and responsibilities, as well as recent developments relevant to the Company and the Board.

Item 4: Ethical Business Conduct

The Board implemented a Code of Business Conduct and ethics on October 10, 2020 taking formal steps to encourage and promote a culture of ethics and business conduct. Directors and Officers of the Company are encouraged to conduct themselves and the business of the Company with the utmost honesty and integrity. Directors are also encouraged to consult with the Company’s professional advisors with respect to any issues related to ethical business conduct.

Subject to Board approval, the Company allows any member of the Board to engage an outside advisor at the expense of the Company in appropriate circumstances.

Item 5: Nomination of Directors

The full Board will be involved in the nomination of new candidates for board positions. Board members will be asked for recommendations of people that they know of or have heard of that would contribute to the success of the Company if added to the board of directors

Item 6: Compensation

The Board is responsible for determining all forms of compensation, including long-term incentives in the form of Stock Options to be granted to directors, officers, and consultants of the Company. The Board is also responsible for reviewing recommendations for compensation of the Chief Executive Officer and other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

When determining the compensation of its officers, the Board will consider: (i) recruiting and retaining officers critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation (iii) balancing the interests of management and the Company's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

Item 7: Other Board Committees

The Board does not have any standing committees other than the above mentioned and Audit Committee.

Item 8: Assessments

The Board as a whole assesses its performance, that of its committees and the contribution of individual directors on an ongoing basis.

SCHEDULE "C"

DISTRICT METALS CORP.

AMENDED AND RESTATED STOCK OPTION PLAN

PART 1

INTERPRETATION

- 1.1 Definitions In this Plan the following words and phrases shall have the following meanings, namely:
- (a) "Award Date" means the date on which the Board grants a particular Option;
 - (b) "Board" means the board of directors of the Company and includes any committee of directors appointed by the directors as contemplated by to Section 3.1 hereof;
 - (c) "Cashless Exercise" has the meaning set out in Exchange Policy whereby the Company may have an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to an Option Holder to purchase Shares underlying the Options. The brokerage firm then sells a sufficient number of Shares to cover the Exercise Price of the Options in order to repay the loan made to the Option Holder. The brokerage firm receives an equivalent number of Shares from the exercise of the Options and the Option Holder then receives the balance of Shares or the cash proceeds from the balance of such Shares;
 - (d) "Cause" means: (i) "Cause" as such term is defined in the written employment agreement, if any, between the Company and Employee; or (ii) if there is no written employment agreement between the Company and the Employee or "Cause" is not defined in the written employment agreement between the Company and the Employee, the usual meaning of just cause under the common law or the laws of British Columbia;
 - (e) "Company" means District Metals Corp.;
 - (f) "Consultant" means an individual who: (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a Distribution; (ii) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the Company, as the case may be; and (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any of its subsidiaries;
 - (g) "Director" means any Director (as defined under Securities Laws) of the Company or of any of its subsidiaries;
 - (h) "Discounted Market Price" has the meaning ascribed thereto in Exchange Policy;
 - (i) "Employee" means: (i) an individual who is considered an employee of the Company or its subsidiary under the Income Tax Act (Canada) (and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source); (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company, or its subsidiary, as the case may be, but for whom income tax deductions are not made at source; or (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company, or its subsidiary, as the case may be, but for whom income tax deductions are not made at source;

- (j) “Exchange” means the TSX Venture Exchange and any other stock exchange on which the Shares may then be listed for trading;
 - (k) “Exchange Policy” means the policies, bylaws, rules and regulations of the Exchange governing definitions, interpretation and the granting of options by the Company, as amended from time to time, including Exchange Policy 4.4 *Security Based Compensation*;
 - (l) “Exercise Notice” means the notice respecting the exercise of an Option, in the form attached to the Option Certificate, duly executed by the Option Holder;
 - (m) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with Section 4.1;
 - (n) “Expiry Date” means not later than ten years from the Award Date of the Option or such shorter period as may be prescribed by the Exchange;
 - (o) “Insider” has the meaning ascribed thereto in the Securities Act;
 - (p) “Investor Relations Activities” has the meaning ascribed thereto in Exchange Policy;
 - (q) “Investor Relations Service Provider” has the meaning ascribed thereto in Exchange Policy;
 - (r) “Joint Actor” means a person acting “jointly or in concert with” another person as that phrase is interpreted in section 1.9 of Multilateral Instrument 62-104 – *Take Over Bids and Issuer Bids*;
 - (s) “Management Company Employee” means an individual employed by a person providing management services to the Company, which services are required for the ongoing successful operation of the business enterprise of the Company;
 - (t) “Officer” means any senior officer of the Company or of any of its subsidiaries as defined in the Securities Act;
 - (u) “Option” means an option to acquire Shares awarded under and pursuant to the Plan;
 - (v) “Option Certificate” means the certificate, substantially in the form set out as Schedule “A” hereto, evidencing an Option;
 - (w) “Option Holder” means a current or former Officer, Management Company Employee, Director, Employee or Consultant who holds an unexercised and unexpired Option;
 - (x) “Plan” means this stock option plan as from time to time amended which is a “rolling up to 10%” plan within the meaning of Exchange Policy;
 - (y) “Securities Act” means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, from time to time;
 - (z) “Securities Laws” means the Securities Act, and the regulations, rules and forms under the Securities Act, and the blanket rulings and orders of the securities commission governing the granting of options by the Company, as amended from time to time, and similar legislation in other jurisdictions in Canada as the context requires; and
 - (aa) “Shares” means common shares of the Company.
- 1.2 No Force and Effect References in this Plan to Exchange Policy or defined terms from Exchange Policy have no force and effect unless and until the Company’s Shares become listed on the Exchange.
- 1.3 Interpretation Any words capitalized but not defined in this Plan shall have the meanings ascribed to them in Exchange Policy.

- 1.4 Gender Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

PART 2

PURPOSE OF PLAN

- 2.1 Purpose The purpose of this Plan is to attract and retain Officers, Management Company Employees, Employees, Consultants or Directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through Options granted under this Plan to purchase Shares.

PART 3

GRANTING OF OPTIONS

- 3.1 Administration This Plan shall be administered by the Board or, if the Board so elects, by a committee (which may consist of only one person) appointed by the Board from its members.
- 3.2 Committee's Recommendations The Board may accept all or any part of recommendations of the committee or may refer all or any part thereof back to the committee for further consideration and recommendation.
- 3.3 Grant by Resolution The Board may, by resolution, designate eligible persons who are bona fide Officers, Management Company Employees, Employees, Consultants, Directors or corporations employing or wholly owned by such Officer, Management Company Employee, Employee, Consultant, or Director, to whom Options should be granted and specify the terms of such Options which shall be in accordance with Exchange Policy and Securities Laws. It is the responsibility of the Company and the Option Holder for ensuring and confirming that the Option Holder is a bona fide Officer, Director, Employee, Consultant or Management Company Employee, as the case may be. The Company will also issue a news release at the time of every agreement to grant or issue any Options to Insiders or to Investor Relations Service Providers, or any amendment to any of the foregoing.
- 3.4 Terms of Option A resolution of the Board shall specify the number of Shares that should be placed under option to each such Officer, Management Company Employee, Employee, Consultant or Director, the Exercise Price to be paid for such Shares, and the period, including any applicable vesting periods required by Exchange Policy, or by the Board or committee, during which such Option may be exercised. Options granted to persons engaged in Investor Relations Activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the Options vesting in any three month period, or as otherwise prescribed by Exchange policy. Such vesting provisions applicable to Options granted to persons engaged in Investor Relations Activities may not be accelerated without prior Exchange approval.
- 3.5 Option Certificate Every Option granted under this Plan shall be evidenced by an Option Certificate, and all Option Certificates will be so legended as required by Exchange Policy and Securities Laws.

PART 4

CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

- 4.1 Exercise Price The Exercise Price of an Option granted under this Plan will be determined by the Board, having regard to fair market value determined by the Board acting reasonably.
- 4.2 Exercise Price – If Company is Exchange-listed The Exercise Price of an Option granted under this Plan shall not be less than the Discounted Market Price at the time of granting the Options. In any event, no Options shall be granted which are exercisable at an Exercise Price of less than permitted by Exchange Policy. An Exercise Price cannot be established unless the Options are allocated to a particular Option Holder.
- 4.3 Expiry Date Each Option shall, unless sooner terminated, expire on a date to be determined by the Board which will not be later than the Expiry Date. In accordance with Exchange Policy, Options can be exercisable for a maximum of 10 years from the date of grant. However, if the Expiry Date falls within a period (a “blackout period”) during which the Company prohibits Option Holders from exercising their Options, the

Expiry Date may be extended to a maximum of 10 business days after the expiry of the blackout period. The blackout period must be formally imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. For greater certainty, in the absence of the Company formally imposing a blackout period, the Expiry Date of any options will not be automatically extended in any circumstances.

- 4.4 Different Exercise Periods, Prices and Number The Board may, in its absolute discretion, upon granting an Option under this Plan and subject to the provisions of Section 6.3 hereof, specify a particular time period or periods following the date of granting the Option during which the Option Holder may exercise his Option to purchase Shares and may designate the Exercise Price and the number of Shares in respect of which such Option Holder may exercise his Option during each such time period.
- 4.5 Number of Shares The number of Shares reserved for issuance under the Plan shall:
- (a) not exceed 5% of the issued Shares of the Company to any one person (and companies wholly owned by that person) in any 12 month period, calculated on the date the Option is granted;
 - (b) not exceed 2% of the issued Shares of the Company to any one Consultant in any 12 month period, calculated on the date the Option is granted to the Consultant; and
 - (c) not exceed an aggregate 2% of issued Shares of the Company to all persons employed to provide Investor Relations Activities, in any 12 month period, calculated on the date the Option is granted to any such person.
- 4.6 Ceasing to hold Office If an Option Holder holds his or her Options as a Director or Officer and such Option Holder ceases to be Director or Officer for any reason other than death, such Director or Officer shall have rights to exercise any Option not exercised prior to such termination within a reasonable period of time after the date of termination, as set out in the Option Holder's Option Certificate, such "reasonable period" not to exceed one year after termination. However, if the Option Holder ceases to be a Director or Officer of the Company as a result of: (i) ceasing to meet the qualifications set forth in the Business Corporations Act (British Columbia); or (ii) his or her removal as a Director of the Company pursuant to the *Business Corporations Act* (British Columbia); or (iii) an order made by any regulatory authority having jurisdiction to so order; in which case the Expiry Date shall be the date the Option Holder ceases to be a Director or Officer of the Company. Notwithstanding anything contained herein, in no case will an Option be exercisable later than the Expiry Date of such Option fixed by the Board at the time the Option is awarded to the Option Holder.
- 4.7 Ceasing to be an Employee, Management Company Employee or Consultant If an Option Holder holds his or her Options as an Employee, Management Company Employee or Consultant and such Option Holder ceases to be an Employee, Management Company Employee or Consultant for any reason other than death, such Employee, Management Company Employee or Consultant shall have rights to exercise any Option not exercised prior to such termination within a reasonable period of time after the date of termination, as set out in the Option Holder's Option Certificate, such "reasonable period" not to exceed one year after termination. However, (i) if the Option Holder ceases to be an Employee as a result of termination for Cause; (ii) a Management Company Employee of a person providing management services to the Company as a result of termination for Cause; or (iii) an Employee, Management Company Employee or Consultant of the Company as a result of an order made by any regulatory authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder is terminated by the Company. Notwithstanding anything contained herein, in no case will an Option be exercisable later than the Expiry Date of such Option fixed by the Board at the time the Option is awarded to the Option Holder.
- 4.8 Death of Option Holder If an Officer, Management Company Employee, Director, Consultant or Employee dies prior to the expiry of his or her Options, the legal representatives of such person may, within the lesser of one year from the date of the Option Holder's death or the Expiry Date of the Options, exercise that portion of the Options granted to the Officer, Management Company Employee, Director, Consultant or Employee under this Plan, which remain outstanding.

- 4.9 Assignment No Option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an Option Holder shall have the right to assign any Option granted to him hereunder to a trust, RRSP, RESP or similar legal entity established by such Option Holder.
- 4.10 Notice Options shall be exercised only in accordance with the terms and conditions of the Option Certificates under which they are respectively granted and shall be exercisable only by notice in writing to the Company.
- 4.11 Payment Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Option Holder on exercise of an Option shall be paid for in full, in cash or by certified cheque, at the time of their purchase. Shares may also be purchased by an Option Holder by way of the Cashless Exercise method.
- 4.12 Options to Employees, Consultants or Management Company Employees In the case of Options granted to Employees, Consultants or Management Company Employees, the Option Holder must be a bona-fide Employee, Consultant or Management Company Employee, as the case may be, of the Company or its subsidiary.
- 4.13 Withholding Tax Upon exercise of an Option, the Option Holder will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Shares, pay to the Company amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Company for such requirements. In order to implement this provision, the Company or any related corporation will have the right to retain and withhold from any payment of cash or Shares under this Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such payment. At its discretion, the Company may require an Option Holder receiving Shares to reimburse the Company for any such taxes required to be withheld by the Company and withhold any distribution to the Option Holder in whole or in part until the Company is so reimbursed. In lieu thereof, the Company will have the right to withhold from any cash amount due or to become due from the Company to the Option Holder an amount equal to such taxes. The Company may also retain and withhold or the Option Holder may elect, subject to approval by the Company at its sole discretion, to have the Company retain and withhold a number of Shares having a market value not less than the amount of such taxes required to be withheld by the Company to reimburse the Company for any such taxes and cancel (in whole or in part) any such Shares so withheld.

PART 5

RESERVE OF SHARES FOR OPTIONS

- 5.1 Sufficient Authorized Shares to be Reserved Whenever the Notice of Articles or Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of Options granted under this Plan. Shares that were the subject of Options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an Option granted under this Plan, provided such lapsed or terminated Options have not been exercised.
- 5.2 Maximum Number of Shares to be Reserved Under Plan The aggregate number of Shares which may be subject to issuance pursuant to Options granted under this Plan, inclusive of all other stock options outstanding shall not be greater than 10% of the Shares issued and outstanding at the date of the grant of Options. Cancelled and expired Options are returned to the Plan, provided such cancelled or expired Options have not been exercised.
- 5.3 Maximum Number of Shares Reserved Unless authorized by shareholders of the Company (or disinterested shareholders, as the case may be) in accordance with Exchange Policy, this Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not result, at any time, in:
- (a) the number of Shares reserved for issuance pursuant to Options exceeding 10% of the Shares issued and outstanding;

- (b) the issuance to Insiders, of a number of Shares exceeding 10% of the Shares issued and outstanding; and
- (c) the issuance to Insiders, within a one year period, of a number of Shares exceeding 10% of the Shares issued and outstanding, calculated on the date the Option is granted.

PART 6
CHANGES IN OPTIONS

- 6.1 Share Consolidation or Subdivision If the Shares are at any time subdivided or consolidated, the number of Shares reserved for Option and the price payable for any Shares that are then subject to Option shall be adjusted accordingly.
- 6.2 Stock Dividend If the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for Option and the price payable for any Shares that are then subject to Option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.
- 6.3 Effect of a Take-Over Bid Subject to approval of the Exchange, and, where applicable, the shareholders of the Company, if a bona fide offer (an “Offer”) for Shares is made to the Option Holder or to shareholders of the Company generally or to a class of shareholders which includes the Option Holder, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, upon receipt of notice of the Offer, notify each Option Holder of full particulars of the Offer, whereupon all Shares subject to such Option (“Option Shares”) will become vested and the Option may be exercised in whole or in part by the Option Holder so as to permit the Option Holder to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:
- (a) the Offer is not completed within the time specified therein including any extensions thereof; or
 - (b) all of the Option Shares tendered by the Option Holder pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Option Holder to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to section 4.4 shall be reinstated. If any Option Shares are returned to the Company under this section 6.3, the Company shall immediately refund the Exercise Price to the Option Holder for such Option Shares.

- 6.4 Acceleration of Expiry Date If at any time when an Option granted under the Plan remains unexercised with respect to any unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Option Holder of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, vested, subject to Exchange Policy as it relates to vesting of options to persons conducting Investor Relations Activities, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer.
- 6.5 Effect of a Change of Control If a Change of Control (as defined below) occurs, subject to Exchange Policy as it relates to vesting of Options to persons conducting Investor Relations Activities, all Shares subject to each outstanding Option will become vested, whereupon such Option may be exercised in whole or in part by the Option Holder. “Change of Control” means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities as defined in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than 50% of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of Directors of the Company.

PART 7

SECURITIES LAWS AND EXCHANGE POLICY

- 7.1 Exchange's Rules and Policies Apply This Plan and the granting and exercise of any Options hereunder are also subject to such other terms and conditions as are set out from time to time in the Securities Laws and Exchange Policy and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern. In the event that the Company's listing changes from one tier to another tier on a stock exchange or the Company's Shares are listed on a new stock exchange, the granting of Options shall be governed by the rules and policies of such new tier or new stock exchange and unless inconsistent with the terms of this Plan, the Company shall be able to grant Options pursuant to the rules and policies of such new tier or new stock exchange without requiring shareholder approval.

PART 8

AMENDMENT OF PLAN

- 8.1 Board May Amend The Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the Option Holders concerned, affect the terms and conditions of Options previously granted under this Plan which have not then been exercised or terminated.
- 8.2 Exchange Approval Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such Exchange and shareholder approval as is required by Exchange Policy and Securities Laws has been received.
- 8.3 Amendment to Insider Options If the Company is then Exchange-listed, any amendment to Options held by Insiders of the Company at the time of the amendment, which results in a reduction in the exercise price of the Options, or an extension of the term of an Option, is conditional upon obtaining of disinterested shareholder approval (as is required by Exchange Policy) to that amendment.

PART 9

OPTION HOLDER'S RIGHTS AS A SHAREHOLDER

- 9.1 No Rights Until Option Exercised An Option Holder shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued upon proper exercise of an Option.

PART 10

EFFECTIVE DATE OF PLAN

- 10.1 Effective Date This Plan was originally approved by the Company effective December 3, 2010. The Plan is subject to annual approval by the Company's shareholders at a shareholder meeting and by the Exchange. The exchange last reviewed and approved the Plan on September 29, 2021. However, Options may not be granted under this Plan if more than 15 months have elapsed since the last shareholder approval of this Plan, until the Company obtains the requisite shareholder approval.

Approved by the Company's shareholders on _____, 2022

SCHEDULE "A"

NOTE: TSXV legend required if options granted at Discounted Market Price or for options to directors, officers, promoters and 10%+ shareholders

Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date – 4 months and one day].

NOTE: Vesting provisions required for IR Options – include Schedule

OPTION CERTIFICATE

This Option Certificate confirms that, effective _____ 20__ (the "Effective Date") District Metals Corp. (the "Company") has granted to _____ (the "Optionee"), an option (the "Option") to acquire _____ common shares of the Company ("Optioned Shares") exercisable up to 5:00 p.m. Vancouver Time on _____, 20__ (the "Expiry Date") at a price of CAD \$0. __ per share (the "Exercise Price").

The Option evidenced by this Option Certificate is an option granted pursuant to the Company's stock option plan as amended from time to time ("Plan") and, except as otherwise set out in this Option Certificate, is subject to the terms and conditions of the Plan, all of which are incorporated herein.

The Expiry Date of the Options evidenced by this Option Certificate is the earlier of the Expiry Date and the date ____ days after which the Optionee ceases to be involved with the Company as a person eligible to receive Options under the terms of the Plan.

To exercise your Option, deliver a completed notice in the form attached as Exhibit A to this Option Certificate to the Company prior to the Expiry Date specifying the number of Optioned Shares you wish to acquire together with a certified cheque or bank draft payable to the Company for the aggregate Exercise Price for such Optioned Shares. A share certificate or electronic confirmation through a direct registration system or other book-entry system representing the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and will bear the applicable resale restrictions.

This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

DISTRICT METALS CORP.

Per: _____
Authorized Signatory

Agreed to and Acknowledged by:

Signature of Optionee
Date:

OPTION CERTIFICATE - SCHEDULE

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. the right to exercise [XXX% of the Option Shares] Shares will vest on [the day that is XXX months following the date of the Option Certificate].
2. the right to exercise [XXX% of the Option Shares] Shares will vest on [the day that is XXX months following the date of the Option Certificate].
3. the right to exercise [XXX% of the Option Shares] Shares will vest on [the day that is XXX months following the date of the Option Certificate].

EXHIBIT A
NOTICE OF EXERCISE OF STOCK OPTION

To: DISTRICT METALS CORP.

Option Certificate dated _____, 20____ issued to the undersigned by _____
("Option Certificate")

This notice is given pursuant to the Option Certificate. Terms used in this notice that are defined in the Option Certificate have corresponding meanings.

The undersigned hereby exercises the Option to purchase the number of Optioned Shares designated below pursuant to the terms and conditions set out or referenced in the Option Certificate and encloses a certified cheque or bank draft for the aggregate Exercise Price for such Optioned Shares.

The Optionee understands that the Optionee may suffer adverse tax consequences as a result of the Optionee's purchase or disposition of the Optioned Shares. The Optionee represents that the Optionee has consulted with any tax consultants the Optionee deems advisable in connection with the purchase or disposition of the Optioned Shares and that the Optionee is not relying on the Company for any tax advice.

Number of Optioned Shares: _____
Exercise Price per Optioned Share: _____
Total Exercise Price: _____

The Optionee directs the Company to issue the share certificate (physically or electronically through direct registration or other electronic book-entry system) evidencing the Optioned Shares in the name of the undersigned at the following address:

Dated this _____ day of _____, 20____.

Signature of Optionee

Print name in full

Residential Address
