

District Metals Corp. Signs Definitive Agreement to Acquire 2.0% NSR Royalty on Viken Energy Metals Deposit in Sweden

08.01.2025 | [Newsfile](#)

Vancouver, Jan. 8, 2025 - [District Metals Corp.](#) (TSXV: DMX) (OTCQB: DMXCF) (FSE: DFPP); ("District" or the "Company") is pleased to announce that it has entered into a definitive royalty purchase agreement (the "Purchase Agreement") with an arm's length vendor (the "Vendor") to acquire the 2.0% net smelter returns ("NSR") royalty previously granted by the Company over the remaining four mineral licences (Norra Leden, Norr Viken, Lill Viken, and Storsviken) covering the Viken Deposit (Figure 1) located in Jämtland County, central Sweden (see news release January 15, 2024). As a result, subject to closing, District's 100% owned Viken Deposit is now completely free of any NSR royalty.

Pursuant to the Purchase Agreement, District will acquire the 2.0% NSR for a purchase price consisting of 500,000 common shares of District (the "Consideration Shares"). Closing of the Purchase Agreement remains subject to TSX Venture Exchange (the "TSXV") approval. The Consideration Shares will be subject to a hold period of 4 months and one day, from the date of issue.

Garrett Ainsworth, CEO of District, commented: "District consolidated 100% of the Viken Energy Metals Deposit in January 2024, and we have now executed a definitive agreement to make the Viken Deposit free and clear of any and all NSR royalties. Alum Shales are the host rock for the Viken Deposit, which contains critical energy metals essential for the green energy transition that include uranium, vanadium, nickel, molybdenum, copper, zinc, and rare earth elements. Additionally, Alum Shales present the potential to produce significant amounts of sulphate of potash, which would greatly benefit the agriculturally dominant Jämtland County.

The timing of this acquisition comes after the Swedish Government released their inquiry report on lifting the uranium moratorium and their supporting press release that we commented on here."

Viken Deposit

The Viken Deposit is situated in the province of Jämtland, approximately 570 km northwest of Stockholm, Sweden. Infrastructure is well developed in the area with daily air service, as well as rail and truck freight services. Electrical power and modern communications are also readily available in the area.

The Geological Survey of Sweden (SGU) carried out work on the Alum Shales from 1977 to 1978 and drilled approximately 19 holes within and in the vicinity of the Viken Deposit. In 2005, [Continental Precious Minerals Inc.](#) ("CPM") purchased mineral licences that covered prospective Alum Shales where CPM drilled 26,293 m in 133 holes from 2006 to 2008 to delineate the Viken Deposit.

CPM retained P&E Mining Consultants Inc. to carry out a mineral resource estimate and preliminary economic assessment in 2010 that resulted in the following historical mineral resource estimate:

Table 1: 2010 Viken Deposit Historical Mineral Resource Estimate¹

2010 Viken Deposit Historical Mineral Resource Estimate

Classification	Tonnage (k tonnes)	Grade				Contained Metal			
		V ₂ O ₅ (ppm)	U ₃ O ₈ (ppm)	Mo (ppm)	Ni (ppm)	V ₂ O ₅ (Mlbs)	U ₃ O ₈ (Mlbs)	Mo (Mlbs)	Ni (Mlbs)
Indicated	23,610	3,130	190	280	320	162.8	9.9	14.7	16.5
Inferred	2,830,757	2,680	170	240	320	16,716.1	1,037.7	1,516.5	2,015.7

Notes:

- The Company views the 2010 Viken Report as relevant and reliable.
- Weighting of composite samples by linear Ordinary Kriging was used for the estimation of block grades. Kriging parameters were based on the grade-element variography derived from the mineralized shale domain. A block discretization level of 5 x 5 x 2 was used during kriging. The mineralized shale domain was treated as a hard boundary, and data used during estimation were limited to composite samples located within the mineralized shale domain wireframe. Only blocks wholly or partially within the mineralized shale domain were estimated. The mineralized shale domain was treated as a hard boundary, and data used during estimation.
- During the first pass, four samples from each of three drill holes within 110m of the block centroid were required. All block grades estimated during the first pass were classified as Indicated.
- During the second pass, blocks not populated during the first pass were estimated. A minimum of three and a maximum of six samples from one or more drillholes within 330 m of the block centroid were required. All block grades estimated during the second pass were classified as Inferred.
- An internal break-even cut-off grade of US\$7.50/tonne was used in reporting this historical estimate.
- The historical estimate categories are classified under the previous definition standards and do not match the current categories under NI 43-101.
- Other than the 2014 Viken Report, the Company is not aware of any more recent estimates or data available to the Company on the Viken deposit.
- The Company would need to conduct an exploration program, including twinning of historical drill holes in order to verify the Viken Deposit historical estimate as a current mineral resource.
- The mineral resource estimates is considered to be a "historical estimate" under NI 43-101 and a qualified person has not done sufficient work to classify the historical estimate as a current mineral resource and District is not treating the historical estimate as a current mineral resource.

In 2012, a bio-heap leach scenario was evaluated, and P&E Mining Consultants were retained again to conduct an updated mineral resource estimate and preliminary economic assessment on the Viken Deposit with the following historical estimate:

Table 2: 2014 Viken Deposit Historical Mineral Resource Estimate²

2014 Viken Deposit Historical Mineral Resource Estimate

Classification	Tonnage (k tonnes)	Grade				Contained Metal			
		U ₃ O ₈ (ppm)	Ni (ppm)	Cu (ppm)	Zn (ppm)	U ₃ O ₈ (Mlbs)	Ni (Mlbs)	Cu (Mlbs)	Zn (Mlbs)
Indicated	43,000	190	340	100	410	18.0	32.0	10.0	38.0
Inferred	3,019,000	170	340	120	420	1,145.0	2,230.0	799.0	2,802.0

Notes:

- The Company views the 2014 Viken Report as relevant and reliable.
- Block grades were estimated using Ordinary Kriging of capped composite samples. Only blocks wholly or partially within the mineralized shale domain were estimated, and between six and fifteen samples from two or more drill holes within 660 m of the block centroid were used for estimation. A small area in the Southern portion of the deposit with an average drillhole spacing of approximately 120 m has been classified as an indicated mineral resource.
- An internal break-even cut-off grade of US\$11.00/tonne was used in reporting this historical estimate.
- The historical estimate categories are classified under the previous definition standards and do not match the current categories under NI 43-101.
- The Company is not aware of any more recent estimates or data available to the Company on the Viken deposit.
- The Company would need to conduct an exploration program, including twinning of historical drill holes in order to verify the Viken deposit historical estimate as a current mineral resource.
- The mineral resource estimates is considered to be a "historical estimate" under NI 43-101 and a qualified person has not done sufficient work to classify the historical estimate as a current mineral resource and District is not treating the historical estimate as a current mineral resource.

The Viken Deposit is a polymetallic shale resource contained within the Cambrian Viken Shale which regionally is referred to as the Alum Shale. The Alum Shale is enriched in metals such as vanadium, uranium, nickel, copper, zinc, and molybdenum. It also contains significant concentrations of potash. Alum Shale occurs over a significant area in Sweden and is locally valued as a bituminous shale with recoverable hydrocarbons. The Alum Shale is regionally extensive in Sweden.

The stratigraphy across the Viken Property consists of upper Middle and Upper Cambrian age Alum Shale occurring as both in situ and fault detached blocks, with the latter having greater potential for economic mineralization due to imbrication of mineralized blocks. The Alum Shale is mostly exposed at surface and is underlain by Proterozoic granites and gneisses thrust Eastward over Archean granitic basement rocks. The thickness of the Alum Shale host rock has been tectonically thickened from 20 to 30 m by thrusting and folding during the Silurian to approximately 180 m.

Mineralization of potential economic significance is hosted in Middle and Upper Cambrian Alum Shale, with the Upper Cambrian age strata more enriched in vanadium and uranium than the Middle Cambrian.³ Vanadium occurs within the lattice of a mica mineral named roscoelite. Uranium values are predominantly associated with sub-micron-scale uraninite crystals. Nickel, molybdenum, copper and zinc are present as sulphides.

Figure 1: Viken Mineral Licences with Outline of Viken Deposit

To view an enhanced version of this graphic, please visit:

https://images.newsfilecorp.com/files/7971/236401_50d6b00734ee0aa9_002full.jpg

References

¹ "Preliminary Economic Assessment on the Viken MMS Project, Sweden," prepared for Continental Precious Minerals Inc., dated October 19, 2010 with an effective date of September 10, 2010 (the "2010 Viken Report").

² "Updated Technical Report, Resource Estimate and Preliminary Economic Assessment on the Viken MMS Project, Sweden," prepared for Continental Precious Minerals Inc., dated February 27, 2014 with an effective date of February 6, 2014 (the "2014 Viken Report").

³ Andersson, A, Dahlman, B., Gee, D.G. and Snäll, S., 1985: The Scandanavian Alum Shale, S.G.U., Ser. Ca Nr 56, 50 p.

Technical Information

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

Drilling data disclosed in this news release relates to historical drilling results. District has not undertaken any independent investigation of the sampling, nor has it independently analyzed the results of the historical exploration work in order to verify the results. District considers these historical drill results relevant as the Company is using this data as a guide to plan exploration programs. The Company's current and future exploration work includes verification of the historical data through drilling.

About District Metals Corp.

District Metals Corp. is led by industry professionals with a track record of success in the mining industry. The Company's mandate is to seek out, explore, and develop prospective mineral properties through a disciplined science-based approach to create shareholder value and benefit other stakeholders.

District is a polymetallic exploration and development company focused on the Viken and Tomtebo Properties in Sweden. The Viken Property covers 100% of the uranium-vanadium Viken Deposit, which is an asset with substantial exploration and development expenditures that resulted in the definition of historic polymetallic resource estimates in 2010 and 2014.

The advanced exploration stage Tomtebo Property is located in the Bergslagen Mining District of south-central Sweden and is situated between the historic Falun Mine and Boliden's Garpenberg Mine that are located 25 km to the northwest and southeast, respectively. Two historic polymetallic mines and numerous polymetallic showings are located on the Tomtebo Property along an approximate 17 km trend that exhibits similar geology, structure, alteration and VMS/SedEx style mineralization as other significant mines within the district.

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

On Behalf of the Board of Directors

"Garrett Ainsworth"

President and Chief Executive Officer
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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Statement Regarding "Forward-Looking Information"

This news release contains certain statements that may be considered "forward-looking information" with respect to the Company within the meaning of applicable securities laws. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "is positioned", "estimates", "intends", "assumes", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved" and any similar expressions. In addition, any statements that refer to expectations, predictions, indications, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Forward-looking information in this news release relating to the Company include, among other things, statements relating to the Purchase Agreement and closing thereof; the Company's Swedish polymetallic properties; the Company's planned exploration activities, including its drill target strategy and next steps for the Swedish properties; and the Company's interpretations and expectations about the results on the Swedish properties.

These statements and other forward-looking information are based on opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, as of the date of this news release, including, without limitation, assumptions about the reliability of historical data and the accuracy of publicly reported information regarding past and historic mines in the Bergslagen district; and in respect of the Swedish properties; that the Swedish government will eventually lift or amend its moratorium on uranium exploration and mining in Sweden; the Company's ability to raise sufficient capital to fund planned exploration activities, maintain corporate capacity; and stability in financial and capital markets.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by the Company as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks associated with the following: the reliability of historic data on District's properties; the Company's ability to raise sufficient capital to finance planned exploration; that the Swedish government maintains its moratorium on uranium exploration and mining in Sweden for the foreseeable future; the Company's limited operating history; the Company's negative operating cash flow and dependence on third-party financing; the uncertainty of additional funding; the

uncertainties associated with early stage exploration activities including general economic, market and business conditions, the regulatory process, failure to obtain necessary permits and approvals, technical issues, potential delays, unexpected events and management's capacity to execute and implement its future plans; the Company's ability to identify any mineral resources and mineral reserves; the substantial expenditures required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources; the uncertainty of estimates used to calculate mineralization figures; changes in governmental regulations; compliance with applicable laws and regulations; competition for future resource acquisitions and skilled industry personnel; reliance on key personnel; title matters; conflicts of interest; environmental laws and regulations and associated risks, including climate change legislation; land reclamation requirements; changes in government policies; volatility of the Company's share price; the unlikelihood that shareholders will receive dividends from the Company; potential future acquisitions and joint ventures; infrastructure risks; fluctuations in demand for, and prices of metals; fluctuations in foreign currency exchange rates; legal proceedings and the enforceability of judgments; going concern risk; risks related to the Company's information technology systems and cyber-security risks; and risk related to the outbreak of epidemics or pandemics or other health crises. For additional information regarding these risks, please see the Company's Annual Information Form dated July 11, 2022 for the fiscal year ended June 30, 2021, under the heading "Risk Factors", which is available at www.sedarplus.ca. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the Company. These factors and assumptions, however, should be considered carefully. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information or information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of such factors are beyond the control of the Company. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information is made as of the date of this news release, and the Company assumes no obligation to publicly update or revise such forward-looking information, except as required by applicable securities laws.

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