

## **NEWS RELEASE**

### **DNI METALS INC. (DNI : CSE)(DMNKF : OTC)**

**FOR RELEASE – December 4, 2017**

#### **DNI – Graphite Project(s) update.**

Toronto, Ontario--(Newsfile Corp. – December 4, 2017) DNI Metals Inc. (DNI : CSE) ("DNI" or the "Company") DNI is pleased to report the following update for its two Madagascar graphite projects:

#### **Graphite Project #1 – Vohitsara – 100% DNI owned and moving forward.**

##### **1. Drilling**

- a. Just over 2,700 meters of combined drilling was completed in 2017. Drilling focused entirely on saprolitic hosted, weathered material. The average depth of the holes was approximately 28 meters.
- b. Of the 2,700 total meters, DNI completed 1,040 m of diamond core to accurately assess the flake size distribution. The type of drilling completed by Cougar Metals was not appropriate to assess flake size distribution.

**NB:** Graphite is similar to diamonds as the larger the size, the more valuable is the graphite. There are also other factors like purity (carbon content) that can affect the graphite price. Madagascar has produced benchmark quality graphite for over 100 years due to a high proportion of high purity, large flake, premium quality crystalline graphite. Madagascar has a well-developed export infrastructure. Both of DNI's properties have had historical production.

- c. Samples have been sent to AGAT Labs in Mississauga, Canada and results are due before the end of the year.

##### **2. Trenching**

- a. DNI has recently completed its fifth exploration trench at the Project. Sampling of this trench will be completed this week and the samples will be sent for sampling.
- b. With the digging of Trench 5 to the south and Trench 3 to the north, the length of the mineralization defined within the Main Zone has not only been substantially increased, but remains open in both directions.
- c. Assaying is expected to be completed shortly.

##### **3. Bulk Sampling**

- a. 90 tonnes of sample material have been collected.
- b. 45 tonnes from the main zone, and 45 tonnes from the SW zone.
- c. A potential offtake partner will process and test 40 tonnes of the material – 20 tonnes from each of the aforementioned zones. This material is currently being dispatched to India.

##### **4. Topographical survey**

- a. DNI is completing the survey of the drilled areas and immediate surrounding area by end of this week.

## **5. Resource Report - 43-101**

- a. Report to be completed in Q1 of 2018 by DNI. Since Cougar did not complete its drill program even with the 2 extensions, DNI will complete the resource report and use its diamond core drilling results to do so.

## **6. Environmental Study (EIS)**

- a. DNI has completed a comprehensive environmental impact assessment for the Project.
- b. The 500 page report was filed with the Malagasy regulatory body.

## **Graphite Project #2 – Marofody – 100% DNI owned.**

### **1. Purchase of the Project**

- a. DNI completed the purchase of the property in October 2017.

### **2. Permits**

- a. Marofody is registered as mining permit number PE8904, at the Madagascar's national mining cadaster ("the BCMM").
- b. The transfer process is underway, and all paperwork has been filed with the BCMM.

### **3. Initial development plans:**

- a. Topographical survey
- b. Ground geophysical survey
- c. Multi-phase targeted drilling program
- d. Trenching

### **4. Environmental Study (EIS)**

- a. To be completed and filed this week.

## **Pilot Plant- Small Scale production**

### **1. Engineering**

- a. Design criteria has been established at 6,000 tonnes per year of production.
- b. Design criteria will be completed by year end.
- c. To be built in Ontario, Canada, containerized and shipped to Madagascar.

### **2. Quotes**

- a. Quotes for the Plant are coming in and remain on budget

## **New Office and setting up of a Graphite Testing facility**

### **1. New space in Mississauga, Ontario, Canada will contain:**

- a. Office Space
- b. Laboratory space

## About DNI Metals

Certain advisors and directors of DNI have significant operational experience at historical hard rock graphite mines in Canada (e.g. Ontario and Quebec) and Australia. Between them, they have built three (3) processing plants and designed two (2) others; all, which were shut down in the 1990,'s due to increased Chinese competition. Keith Minty, a director, previously worked at Cal Graphite near Kearny, Ontario.

It was our team's understanding of the high production and capital expenditure costs associated with so-called "*hard rock*" graphite mining that inspired DNI to search for saprolite-hosted graphite deposits.

Certain parts Madagascar and Brazil, produce graphite from weathered material called saprolite.

According to Dictionary.com, saprolite is described as:

*"Soft, thoroughly decomposed and porous rock, often rich in clay, formed by the in place chemical weathering of igneous, metamorphic, or sedimentary rocks. Saprolite is especially common in humid and tropical climates. It is usually reddish brown or grayish white and contains those structures (such as cross-stratification) that were present in the original rock from which it formed."*

DNI owns two permitted, saprolite-hosted graphite deposits in Madagascar; located 50kms from the country's main seaport. The deposits are located less than two (2) kms from the paved national highway. DNI intends to develop the Vohitsara project, should the economic viability and technical feasibility be established. DNI has not yet established mineral resources or mineral reserves supported by a PEA or mining study (PFS or FS).

DNI has a graphite wholesale business, in which it buys and sells high quality graphite. This business has shown a steady increase in volume over the past year.

Steven Goertz (MAusIMM, MAIG), who is a qualified person, approved the technical disclosure in this news release.

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*We seek Safe Harbour. This announcement may include forward looking statements. While these statements represent DNI's best current judgment, they are subject to risks and uncertainties that could cause actual results to vary, including risk factors listed in DNI's Annual Information Form and its MD&A's, all of which are available from SEDAR and on its website.*