



September 14, 2017

**DNI Metals Inc. responds to misinformed statements of MiningWatch Canada regarding Vohitsara Graphite Project in Madagascar**

DNI (CSE: DNI) (OTC Pink: DMNKF) is urging MiningWatch Canada to retract misleading statements made with respect to DNI's operations in its Vohitsara graphite property in Madagascar.

We respect MiningWatch Canada's work around the world and the need to fight global threats to public health, environment, and community interests. In the case of the Vohitsara Graphite Project, however, MiningWatch Canada has made significant errors in fact and judgment that will impact negatively on the Company, the workers and the communities within which we operate in Madagascar.

The facts are as follows:

- 1. DNI works with communities, not against them. We are proud of our successful partnerships. We do not, nor have we ever, practiced harassment or intimidation.**
2. DNI's wholly owned subsidiary in Madagascar, DNI Metals Madagascar S.A.R.L. is the registered and beneficial holder of Mining Permit 38642 with respect to the Vohitsara property. DNI is at present conducting the requisite Environmental Impact Study, which is well advanced and will be completed shortly.
- 3. DNI holds all of the requisite statutory approvals and permits to support its operations in Madagascar and the Company is operating fully in compliance with local and national laws and regulations.**
4. All exploration activities on the Vohitsara property have been conducted in active consultation and cooperation with affected landowners and operators. These consultations also set out the mechanics for compensation for any adverse effects on the landowners' operations. This process is ongoing, in conjunction with the Company's active exploration operations at site.
- 5. There are no disputes between DNI and resident / affected landowners in respect of its operations in Madagascar.**
6. Prior to commencing exploration activities, DNI, in conjunction with local landowners, and coordinated by an independent consultant, conducted an inventory of crops which could be affected by their exploration activities on the land. This process also remains ongoing; with multiple meetings held by the Company with local residents on-site each month. DNI has previously formalised a system of protocols in consultation with local residents, whereby landowners / operators in planned operational areas are identified with the assistance of a designated committee of local elders, who then actively participate with the Company in discussions with affected landowners / operators to negotiate appropriate compensation.

7. From the inception of its activities, DNI has maintained a commitment to a strong community and social engagement. DNI consistently employs local indigenous personnel from its direct operational areas for project support. The number of employees engaged under this policy currently numbers in excess of 100. DNI also provides relevant on-site training, as well as emergency medical and general community support. Recently, DNI personnel and local contractors have been finalizing a major expansion and upgrade of the soccer field in the local village of Ambatolampy and will shortly be completing the first of two water wells in the same village.

**Given the facts as specified above, DNI calls on MiningWatch Canada to correct the record and promptly retract its accusations against DNI's operations on the Vohitsara graphite property in Madagascar.**

#### **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 of 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 a saprolite-hosted graphite deposit in Madagascar; located approximately 50kms from the country's main seaport. Additionally, the deposit is 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.**

DNI — Canadian Securities Exchange

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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.*