

NEWS RELEASE

**DNI METALS INC. (DNI : CSE) (DG7N : Frankfurt) (DMNKF:OTC)
FOR RELEASE – June 6, 2017**

DNI Metals – Drilling Update – Japan International Cooperation Agency (“JICA”) to invest in the port located 50 kms from DNI’s graphite project

Toronto, Ontario - (Newsfile Corp. – June 6, 2017) DNI Metals Inc. (DNI: CSE) ("DNI" or the "Company")

On a recent trip to Madagascar the management, directors, an investor and an advisor visited the Madagascar’s main port only 50 kms from DNI’s permitted graphite deposit on the country’s main paved highway.

Infrastructure such as roads and ports are critical to any industrial project as transport and logistics costs represent a very significant portion of the final delivered cost. As noted in the CIM *Best Practice Guidelines for Industrial Minerals*, proximity and access to key infrastructure is critical to determining if a project even merits exploration.

In particular the guidelines note the following; *“Markets for industrial minerals are significantly affected by location and transport factors.”* – and - *“If the mineral deposit is in a remote location, distant from transportation infrastructure and customers, so that there may be no realistic market or development potential for the mineral, the mineral deposit cannot be classified as a mineral resource or mineral reserve.”*

- The weathered nature of the rock being Saprolite, the infrastructure in this part of Madagascar and the ability to obtain a mining permit were the key attractions for DNI to purchase the Vohitsara graphite property.
- DNI with its partner, Cougar Metals (CGM.ASX / “Cougar”) are currently undertaking drilling and trenching on the Vohitsara property, with the goal of developing a NI 43-101 resource study.
- Cougar must complete a PEA (‘Preliminary Economic Assessment’) to NI43-101 standards in order to earn into DNI’s Vohitsara graphite project.
- Additional drilling has been completed over an additional area of observed graphite mineralisation to the southwest of the main target area. Twelve (12) holes were recently completed in this area. All 12 holes contained graphite, nine holes contained strongly anomalous observed flake graphite. Samples are being

dispatched for assay at time of this press release. This is an exciting development for the Company due to the fact that the SW Zone is only 200 metres from the paved national highway and lies adjacent to the Main Zone access road.

- The rig has been moved to the Main Zone and a new higher volume air compressor has been brought to site to increase the drilling speed.

According to Euronews, *“Madagascar’s Port of Toamasina is the economic heart of the country. It alone sees three quarters of the island nation’s maritime trade. In recent years the port has transformed and modernized, meeting the most stringent international standards and is set to receive more and more investment in coming years.”*

[Jean Berthin](#), the General Manager Conventional Goods Bulk Handling (‘SMMC’) – Toamasina said: *“We reviewed the handling, storage and security procedures taking into account two things: modernization and standardization of the operating system. Our objective is to create and to put in place an efficient center for port logistics. That is how we will increase traffic and thus keep our customers satisfied.”* he continued.

As a result, almost everything at Toamasina is now computerized, from the movement of containers to customs operations. A method that was developed through a partnership between Madagascan authorities and large private shipping companies

It is believed that Toamasina is rated one of the top five ports in sub-Saharan Africa in terms of productivity. Extensive transformation work is due to begin next year as the JICA investment funnels into the area.

See https://www.jica.go.jp/english/news/press/2016/170324_01.html , where it states the investment influx to be up and towards \$500 million dollars.

This investment should create a new storage area and extend the breakwater. But most importantly the expectation is to lengthen the dock by five hundred metres, thereby increasing the ‘draft’, essentially the distance between the waterline and the bottom of a vessel’s hull. Increasing the draft to 16m will allow larger vessels carrying heavier loads to utilize the port resulting in a significant increase in annual turnover for the facility.

[Michael Ratrimo](#), the Director of Madagascar International Container Terminal Services (MICTSL) said: *“The investment will really help the Madagascar economy. There will be many more ships and aircraft arriving, which will result in reduced per-unit costs and a proportionate boosting of the local economy.”*

There are also plans to adapt the infrastructure of the port to fit the ever-changing economic environment. Madagascar is currently developing utilization of the island's abundant natural resources. In addition, the country intends to capitalize on the booming Southern shipping route to Asia, Africa and Latin America.

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, director, 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 a commercially permitted Saprolite-hosted graphite deposit in Madagascar; located 50kms from the country's main seaport. 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 also has a graphite wholesale business where 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 any technical disclosure in this news release.

DNI – Canadian Securities Exchange

DMNKF - OTC

Issued: 59,798,949

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