

NEWS RELEASE

DNI METALS INC. (DNI : CSE)(DMNKF : OTC) **FOR RELEASE – August 23, 2017**

DNI Metals Inc. - Second Drilling Rig Added to Improve Resources Delineation at Vohitsara Graphite property in Madagascar.

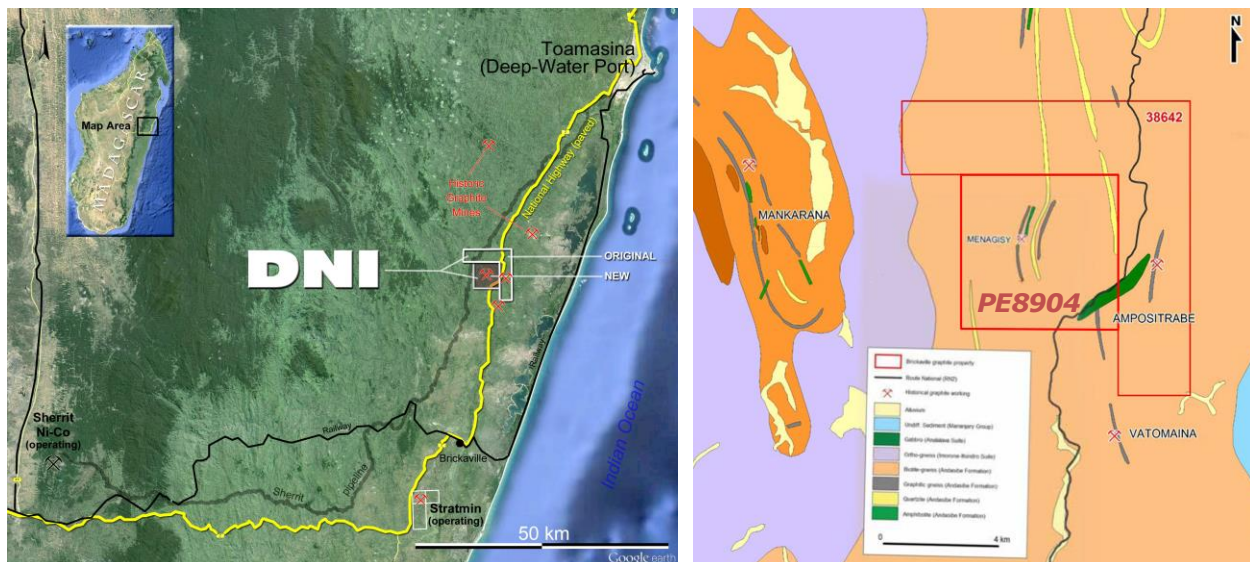
DNI Metals Inc. "DNI", is pleased to give the following update on its graphite properties in Madagascar.

1. As previously outlined in a press release dated August 17, 2017, due the positive Drilling and metallurgical results from its Vohitsara Graphite Project, DNI has initiated a programme to construct and commission a modular pilot plant.
2. Additionally, per DNI's press release dated August 14, 2017 – a non-binding MOU for up to 20,000 tonnes per year of large flake graphite has been executed with ASX-listed Peninsula Mines Ltd. The MOU is intended to form the basis of a binding flake graphite concentrate supply/offtake joint venture agreement that DNI will use its best endeavors to complete within the next 6 months.
3. DNI has mobilized a diamond coring drill rig to Vohitsara; to undertake a total of 1,000m of HQ drilling; with plans of moving the rig to DNI's second property, Marofody, shortly thereafter. This will both accelerate the pace of the resource delineation drilling programme and also allow for infill testing of the current 80m x 80m air core drilling pattern.
4. Core drilling commenced on August 15th and 3 holes for a total of 93 metres have been completed so far.
5. The initial three (3) core holes were targeted to twin prior air core drilling over the southwest graphite zone; with samples currently dispatched to Agat labs in Mississauga, Ontario, Canada.
6. Core drilling is shortly scheduled to commence over the Main Zone mineralisation; two (2) km to the NE of the SW Zone and will also initially target several prior aircore holes for validation prior to the commencement of infill drilling operations.
7. A total of 41 aircore holes have been completed for a total of 1231 metres. A total of 3,000 metres of air core drilling is planned.
8. Pursuant to an agreement dated March 24, 2017, DNI has granted Cougar Mining NL an option to acquire a 50% interest in mining licence PE38642 by completing an NI 43-101 compliant resource study and Preliminary Economic Assessment. Due to abnormally high rainfall causing delays, Cougar has requested and DNI has granted an extension of October 31, 2017 to complete a NI-43-101 resource study and December 31, 2017 to complete a NI-43-101 PEA.

DNI's current Madagascar graphite assets comprise mining permits 8904 and 38642

Madagascar is known for large flake and high quality graphite; the vast majority of which is sourced from the central-eastern coastal area between Toamasina and Brickaville (*refer Figure 1 left below*). The project lies in a well-defined graphitic belt, which has been producing for over 50 years

Infrastructure can be the key to any project. It is a significant advantage that the claims are 50kms by paved highway from Madagascar's main operating port at Toamasina.



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 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 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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