Toronto, Ontario--(Newsfile Corp. - July 19, 2017) - DNI Metals Inc. (DNI: CSE) (FSE: DG7N) (OTC Pink: DMNKF) ("DNI" or the "Company"):

This press release contains excerpts from Cougar Metals "Cougar" press release dated July 18, 2017

- Metallurgical Tests have produced very high grade concentrates (>98% Total Graphitic Carbon) from both high and low grade raw composites
- Conventional Flowsheet utilised with minimal grinding
- The high-grade sample produced a concentrate with 28% >500 µm (Super Jumbo Flake) and 65% > 180 µm (Large Flake), at an overall concentrate grade of 98.4% Total Graphitic Carbon
- The low-grade sample produced a concentrate with 53% mass 180 µm (Large Flake) at an overall concentrate grade of 98.3% Total Graphitic Carbon
- Results achieved at a coarse grind size of 1 mm

Results from two metallurgical samples recently submitted to Metallurgy Pty Ltd ("Metallurgy") and managed by Independent Metallurgical Operations ("IMO") in Perth, Western Australia.

Samples used were collected from selected site within the Toamasina Graphite Property in Madagascar, in which Cougar is currently earning a 50% interest.

The flotation test work, based on a standard graphite process flowsheet developed by IMO, demonstrated that coarse high purity graphite flakes can be produced from this standard flowsheet. Photos of +500 µm from the high-grade concentrate shown in Figure 1 reveal flake dimensions to be often in excess of 2 mm.

Figure 1: Micrographs of High Grade +500 µm Flake Graphite (picture 1 of 2)

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Figure 1: Micrographs of High Grade +500 µm Flake Graphite (picture 2 of 2)

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The process flowsheet included rougher flotation, followed by several regrind and cleaner flotation stages.

Flotation testwork based on IMO's standard graphite process flowsheet resulted in a high-grade concentrate from both low and high-grade composites as shown in Table 1 following.

High recovery of large flake (> 180 µm) was achieved from both high grade (65% mass) and low grade (53% mass) composites showing potential for recovery of high flake bearing premium concentrates throughout the deposit. Grades of each composite are as follows:

- High Grade Composite Total Carbon Head Grade = 15.7%
- Low Grade Composite Total Carbon Head Grade = 2.6%

Table 1: Concentrates from High and Low-Grade Composites

Size Fraction	High Grade Comp			Low Grade Comp		
	Mass	TC	LOI	Mass	TC	LOI
µm	%	%	%	%	%	%
500	28.4%	98.31	99.49	1.0%	98.52	99.04
300	21.3%	98.95	99.35	21.7%	98.52	99.04
180	15.4%	98.65	99.25	30.0%	98.92	98.63
150	6.6%	99.12	99.28	12.0%	97.29	98.36
106	7.0%	98.98	99.21	10.7%	97.11	98.44
75	6.0%	99.00	99.20	7.6%	98.17	98.31

-75	15.4%	96.53	96.27	17.0%	98.17	97.48
Calc Head	100.0%	98.37	98.88	100.0%	98.26	98.45

TC = Total Carbon by LECO, LOI = Loss on Ignition at 1000oC

Comparison of total graphite carbon and total carbon assays shows that all carbon in the samples tested is present as graphite.

Open circuit total carbon recoveries from both tests were excellent at >85%; with improvement expected upon recycling of intermediate tailings streams. Total carbon losses to expected reject streams were <7%. These recoveries bode well for future testing of the current drill program samples.

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 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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