Toronto, Ontario--(Newsfile Corp. - March 1, 2017) - DNI Metals Inc. (CSE: DNI) (FSE: DG7N) (OTC Pink: DMNKF) ("DNI" or the "Company")

On February 23, 2017,

- DNI travelled with one of its graphite wholesale clients to Brazil
- DNI is purchasing graphite from a producer in Brazil.
- Purpose was to finalize the graphite shipment schedule for 2017 and inspect the mine and processing plant.
- The mine is the largest graphite mine in the world, producing between 40-48,000 tonnes of fine and med flake graphite per year.
- All from saprolitic ore.

DNI has received requests to clarify, what is Saprolite?

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."

Certain, advisors and directors of DNI have built and worked at historical mines in Canada (Ontario and Quebec) and Australia. Between them, they have built three graphite processing plants and designed two others, all which were shut down in the 1990's due to increased Chinese competition.

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

Brazil and Madagascar have been producing graphite from saprolite for over 100 years and can compete directly with China. Brazil is in fact the second largest producer of flake graphite in the world behind China.

DNI owns a permitted, saprolite-hosted graphite deposit in Madagascar; located 50kms from the country's main seaport. The deposit is 1.6kms off an arterial paved highway. As per the press release dated December 16, 2016, DNI has signed an agreement with Cougar Metals with the intention of developing the project should the economic viability and technical feasibility be established.

Cougar's drill is due to arrive in Madagascar this month and will commence a drilling program at Vohitsara once it clears customs formalities.

DNI has completed an equity for debt transaction. Under the arrangement, DNI will issue 834,571 shares to settle $43,815.00 owed to contractors of DNI. No insiders participated in this transaction.

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

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