# DNI Metals - Assays for Additional 4 of 28 Diamond Core Holes Received; Including 11m Grading 5.38% Graphitic Carbon

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Toronto, Jan. 10, 2018 - DNI Metals Inc. (CSE: DNI) (FSE: DG7N) (OTC Pink: DMNKF) ("DNI" or the "Company")

Highlights

- VHTDD017: 12.90m @ 4.71% GC; from 3.20m (incl. 5.40m @ 7.44% GC; from 10.70m)
- VHTDD014: 11.25m @ 5.38% GC; from 38.64m (incl. 3.46m @ 7.42%GC; from 43.54m);

DNI is pleased to announce the following (refer Figure 1 following):

1. Receipt of the third and fourth batches of drilling assay results from its recent diamond core drilling programme at DNIs 100%-owned Vohitsara Graphite Project in Madagascar; incorporating four (4) additional assayed diamond core holes from the Main Zone;
2. Drilling continues to encounter free-dig saprolitic weathered material developed to depths of up to 42m below the surface outcrop elevation; averaging 28m;
3. An industry wide uptick in exploration activity has caused significant delays in assaying turnaround times. That said, all the aforementioned drill and trench samples from the 2017 Vohitsara drilling programme are at the Laboratory and further results are expected in the near term.

Dan Weir, CEO, commented: "We continue to be impressed with the results being returned from our diamond core drilling within these two known targets at our Vohitsara project as the mineralized zone geometry continues to expand in all directions. Once again, I am very pleased with the mineralization repeatability in each diamond core drill hole as three of the four holes intercepted favourable mineralization. We are very excited about these results and we look forward to receiving the remaining assays from the lab."

Table 1: Composite Results:

| BHID | From | To | Interval | % GC | Description |
|---|---|---|---|---|---|
| VHTDD014 | 38.64 | 49.89 | 11.25 | 05.38 | 12.90m @ 4.71% GC; from 3.20m |
| incl | 43.54 | 47.00 | 03.46 | 07.42 | incl: 3.46m @ 7.42% GC; from 43.54m |
| VHTDD015 | 33.40 | 38.28 | 04.88 | 05.62 | 4.88m @ 5.62% GC; from 33.40m |
| incl | 34.90 | 36.40 | 01.50 | 11.10 | incl: 1.50m @ 11.10 GC; from 34.90m |
| VHTDD017 | 03.20 | 16.10 | 12.90 | 04.71 | 12.90m @ 4.71% GC; from 3.20m |
| incl | 10.70 | 16.10 | 05.40 | 07.44 | incl: 5.40m @ 7.44% GC; from 10.70m |

Disclosure: Note that insufficient geological data currently exist to accurately determine true mineralization widths as compared to intersection widths as listed in Table 1 above. Note also that the intersected mineralization is hosted within weathered in-situ saprolitic material and is known to be broadly disseminated within this regolith horizon in the area currently being tested by drilling.

VHTDD016 was not mineralized. A full listing of all 132 assay results is appended to this document.

All representative samples were prepared and collected by or under supervision of DNI's Country Manager, Steven Goertz. Mr. Goertz is a Geologist and is a Qualified Person under NI43-101 regulations. Mr. Goertz has approved this Press release.

The samples were processed at AGAT Laboratories, in Ontario, Canada. Graphitic carbon assays were performed using a modified infrared assay method. This method is preferable to other industry-accepted assay methods; inclusive of varying forms of Loss on Ignition (LOI) testing. All analysis were preformed using LECO instruments.

Drill Collars:

| BHID | Type | Project | mE (UTM) | mN (UTM) | mAMSL | Grid | Datum | Zone | Dip | Azim (T) | EOH (m) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| VHTDD014 | DC (HQ3) | Vohitsara | 305,157 | 7,950,278 | 94 | UTM | WGS84 | 39K | -60 | 090 | 52.14 |
| VHTDD015 | DC (HQ3) | Vohitsara | 304,923 | 7,950,341 | 92 | UTM | WGS84 | 39K | -90 | 000 | 42.30 |
| VHTDD016 | DC (HQ3) | Vohitsara | 305,082 | 7,950,281 | 85 | UTM | WGS84 | 39K | -60 | 090 | 54.21 |
| VHTDD017 | DC (HQ3) | Vohitsara | 305,051 | 7,950,281 | 85 | UTM | WGS84 | 39K | -60 | 090 | 37.70 |

Trenching:

Trenching within the project area has been extended to an average depth of 4 metres below natural surface. Of particular note are Trench 03 and Trench 05 (refer Figure 1 following); both of which exposed visible strong widths of flake graphite of between 30 metres (Trench 03) and 50 metres (Trench 05). Trench 03 suggests that the Main Zone extends at least 400m north-northeast of the current extent of drilling; whilst Trench 05 demonstrates continuation of flake graphite mineralisation to the southeast of the current target area.

Mineral Resource:

Detailed topographic surveying of the Main and SW Zones as well as all drill collars and trenches has been completed. Additionally, 57 density measurements have been collected from drill core.

This data will be combined with assay data for compilation of a mineral resource for the Main and SW Zones.

Cougar Update:

DNI has received a Request for Arbitration from Cougar Metals NL ("Cougar"), the former optionee in the Vohitsara Licence, pursuant to the Option Agreement dated March 24, 2017 between Cougar and DNI ( the "Option Agreement").

As reported in DNI's press release of December 8, 2017, DNI terminated the Option Agreement with Cougar as a result of Cougar's failure to pay certain payments under Option Agreement. DNI has filed a Response with the London Court of International Arbitration. This Response included a counterclaim against Cougar.

DNI is pleased to announce that some members of the DNI legal team have taken a vested interest in the company's future and therefore have requested to take part of their payment in Shares. DNI is issuing 500,000 shares, as part of this arrangement.

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 two permitted, saprolite-hosted graphite projects in Madagascar, Vohitsara and Marofody, which are located 50kms from the country's main seaport. These projects are contiguous, with the bulk of their respective mineralisation located between two (2) and four (4) kms from the paved national highway; which bisects the tenement area. DNI intends to develop both the Vohitsara and Marofody projects, 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.

Figure 1: Summary Working Plan for the Vohitsara Project - showing locations of initial core holes

To view an enhanced version of Figure 1, please visit:
http://orders.newsfilecorp.com/files/1803/31905_a1515609648695_9.jpg

APPENDIX 1 — ASSAY RESULTS — DRILLING:

Results 1
To view an enhanced version of this graphic, please visit:
http://orders.newsfilecorp.com/files/1803/31905_dni4enhanced.jpg

Results 2
To view an enhanced version of this graphic, please visit:
http://orders.newsfilecorp.com/files/1803/31905_dni5enhanced.jpg

Results 3
To view an enhanced version of this graphic, please visit:
http://orders.newsfilecorp.com/files/1803/31905_dni6enhanced.jpg