

Toronto, Ontario--(Newsfile Corp. - December 16, 2016) - [DNI Metals Inc.](#) (DNI : CSE) (FSE: DG7N) (OTC Pink: DMNKF) ("DNI" or the "Company").

The following clarification and retraction has been requested by IIROC.

DNI has not completed a NI-43-101 resource or PEA for its Madagascar Graphite project, known as the Vohitsara project. DNI plans to complete these documents in 2017, as per the agreement with Cougar Metals. DNI cannot publicly comment on costs until these reports are complete.

Cougar made these claims, due to the Saprolitic (weathering) nature of the host rock, found in hot climates that receive lots of rain. Graphite has been produced in Madagascar for more than 80 years from this host rock material. Most of the production in Brazil, the 3rd largest producing graphite country, is produced from Saprolite.

Saprolitic rock can be mined using excavators, unlike the drilling, blasting and grinding needed in hard rock deposits.

DNI is retracting the following Comments from Cougar that were press released by DNI today:

"Cougar's directors believe the greatest strength of the Toamasina Saprolitic Graphite Project lies in its ability to deliver a high quality product with a low cost base into an existing market."

"and the Toamasina project is ideally suited to capitalize on this existing 'brand awareness'."

"It is expected that the Toamasina Saprolitic Graphite Project can be placed into production with modest capital costs and can cost effectively expand to meet the demand for its product."

"This confirms the potential of the project to host a long-life / low-cost mining operation."

"This proximity to a port and the infrastructure of a major city, will result in significantly lower construction and operating costs than would otherwise be the case."

"Visual estimates from site inspection and anecdotal reports from indigenous personnel put this production at just under 100,000T of material."

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.

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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&As, all of which are available from SEDAR and on its website.