



ASX Announcement
19 MAY 2017

(CSE:DNI) - Madagascar Jumbo Flake Graphite Development Update

Cougar Metals NL (ASX: CGM) ("**Cougar**" or the "**Company**") is pleased to provide a copy of DNI Metals Inc's release to the market in relation to the Toamasina Graphite Project, in which Cougar is earning a 50% interest.

DNI Metals Inc. (CSE: DNI) ("DNI") is a listed Canadian public company which is an experienced graphite industry operator.

In addition to being the owner of the Toamasina Graphite Project in Madagascar, DNI operates a graphite wholesale business, trading in high quality graphite. In March 2017, DNI announced an agreement to deliver 2,320 metric tonnes of graphite to a customer's facility in USA over the course of 2017.

More information about DNI can be found at its website: www.dnimetals.com or in its filings with the Canadian Stock Exchange which are available for viewing at www.thecse.com/en/listings/mining/dni-metals-inc

For further information, please contact the undersigned via email at r.swick@cgm.com.au or +61 8 9381 1755.

Yours sincerely

COUGAR METALS NL

A handwritten signature in black ink that reads "Randal Swick".

RANDAL SWICK

Executive Chairman

NEWS RELEASE

**DNI METALS INC. (DNI : CSE) (DG7N : Frankfurt) (DMNKF:OTC)
FOR RELEASE – May 17, 2017**

DNI Metals – Madagascar Jumbo Flake Graphite Development Update.

**Toronto, Ontario - (Newsfile Corp. – May 17, 2017) DNI Metals Inc. (DNI: CSE)
("DNI" or the "Company")**

DNI organized a trip to Madagascar last week to check on the progress of its fully permitted graphite deposit in Madagascar.

Highlights:

- Cougar Metals (CGM: ASX) (“Cougar”) has drilled Test holes in the southern zone.
- Trenching has begun in the main zone.
 - Multiple layers of graphite mineralization have been exposed.
 - The layers are shallow dipping at about 25-30 degrees to the east.
 - Graphite flakes as large as 8,000 microns were discovered.
 - Note: Jumbo flake sizes start at 300 micron / +50 mesh and are sold as large as 841 micron / +20 mesh. Depending on the carbon content the jumbo flakes can sell for greater than U\$2,000.
- 3 km access road has been constructed to the main zone.
- Drilling will start on the main zone shortly.
- DNI has contracted Don Hains of Hains Engineering to verify the standards used in developing the project. Don accompanied DNI’s technical and management team on the trip.
- The group also met with BCMM, Madagascar’s mining commission, to update them on the progress. Note: DNI’s, Vohitsara graphite project is fully permitted.

Don Hains is President of Hains Engineering and Principal of Hains Technology Associates. He is an industrial minerals geology, mineral economics and marketing specialist with more than 30 years of experience in exploration, development, use and analysis of industrial minerals properties and materials, with significant experience in graphite exploration, processing and markets. Don is a registered geoscientist in Ontario. He earned his undergraduate degree from Queen's University in Kingston, Ontario and holds an MBA from Dalhousie University, Halifax, Nova Scotia. Don is the co-author of the CIM Best Practice Guidelines for Estimation of Mineral Resources and Mineral Reserves for Industrial Minerals and Best Practice Guidelines for Estimation of

Resources and Reserves for Lithium Brines. These Best Practice Guidelines are available on the CIM website at www.cim.org

As per the Definitive agreement signed March 24, 2017 with Cougar:

1. Cougar can earn into 50% of DNI's Madagascar Graphite Project.
2. NI 43-101 PEA (Preliminary Economic Assessment) must be completed by October 31, 2017.
3. Cougar must drill a minimum of 3,000m to a maximum depth of 50m, and additionally complete 1,000m of trenching.
4. The Saprolitic advantage of DNI's graphite project, will simplify drilling for Cougar's experienced team. Cougar completed a drill program of a Saprolitic graphite deposit in Brazil, in 2015/2016.
5. Since Cougar did not withdraw from the project by April 12, 2017, Cougar is now obligated to pay DNI U\$150,000 by June 7, 2017.

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.

DNI – Canadian Securities Exchange
DG7N – Frankfurt
DMNKF - OTC
Issued: 56,124,959

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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.