

DNI METALS INC. (CSE:DNI)(DMNKF:OTC)
FOR RELEASE – March 30, 2020

DNI Metals Update – Coronavirus, Status of Mining Permits and other operational information inclusive of the Fraud Trial of DNI's previous Country Manager in Madagascar

Toronto, Ontario - (March 30, 2019) DNI Metals Inc. (DNI: CSE; DNMKF: OTC) ("DNI" or the "Company")

Coronavirus- Madagascar

In order to prevent the risk of the spread of the novel coronavirus (COVID-19), the Government of Madagascar has declared a state of sanitary emergency for a period of 15 days, with effect from 21 March 2020.

In order to restrict human contact as far as possible, all passenger flights have been suspended, personal travel is strictly limited, and public transport services are no longer permitted to operate.

DNI's management team and board are all in Canada and are showing no signs of the virus.

Permits

At the request of the Autorité des marchés financiers ("AMF"), DNI is providing this update on the status of its operations (inclusive of its mining permits) in Madagascar.

Vohitsara (Permit 38642)

On July 22, 2015, under the guidance of the former DNI Madagascar Country Manager, DNI Metals Inc. issued the following press release:

"DNI is pleased to announce that it has been granted full commercial Mining Licence ("Permis d'Exploitation" or "PE") for its Vohitsara graphite project in Madagascar. Originally an artisanal mining permit ('PRE') at the time of the transaction, the Mining permit was granted by the Madagascar Minister for Mines through the national mining cadastre office ("Bureau du Cadastre Minier de Madagascar" or "BCMM).

The BCMM is the government agency responsible for administration and oversight of all mining tenements in Madagascar. The obtaining of a full PE marks a significant milestone for DNI in Madagascar; as it allows DNI to move to full commercial production at its option, subject to completion / fulfillment of the requisite environmental impact and social responsibility ("EIE" & "CSR") studies and obligations."

DNI has received legal opinions from qualified Malagasy counsel, that it owns PE permit 38642.

Marofody (Permit 8904)

On October 27, 2017, under the guidance of the former DNI Madagascar Country Manager, DNI issued the following press release:

“DNI Metals Inc. Completes Purchase of a 2nd Graphite Property in Madagascar. The new property, Madagascar claim number PE8904 (the 'Marofody' project), is a permit that allows for production, is good for 40 years, and can be extended.”

DNI also owns PE permit 8904.

Title Cards

On July 21, 2015, six days after the former DNI Madagascar Country Manager filed all of the DNI registration and conversion documents with the Madagascar Mining Cadastre Office “BCMM”, DNI received a certificate of registration (“*certificat d'enregistrement*”) for its Vohitsara project. According to this certificate of registration, the PRE was being transferred and transformed into a PE in the name of DNI. The same information was confirmed by another BCMM certificate of registration issued on 12 December 2017. On December 28, 2017, the DNI Madagascar country manager (now terminated) provided senior management and the board a copy of a ministerial order No.9304/2017 (“arrêté n°9304/2017”). The Minister of Mines issued this “arrêté” wherein it stated that the procedure of transfer, and transformation of the PRE into a PE was recorded (in French, “*enregistrée*”). The Minister warned that the “arrêté” was provisional and should not be used prior to its publication date in the “journal officiel de la Republique.”

DNI continues to press the government to issue the title cards for the permits as DNI believes that it is legally required to do and that it is making progress in that regard. No assurance can be made that the title cards for either project will be issued in a timely manner. The government of Madagascar has put on hold the issuing of all licenses, permits and title cards, as they are considering changing some of the mining laws.

On February 21, 2020 the government issued the following:

“The steering committee for the modification of the mining code is now in place. It is responsible for carrying out the work of reflection and drafting of the draft reform of the Mining Code. This steering committee is made up of five groups. The first group constitutes the administration which will be composed of the ministries in charge of Mines and Strategic Resources, Decentralization, Finance and Budget, the Environment and the State Secretariat in charge of the Gendarmerie. The second group includes mining operators Grande mine while the 3^E group consists of mining operators Small Mines and other actors in all links of the industry chain. As for the 4th group, it represents civil society and finally the last group is made up of trade unions. These stakeholders will thus meet to seek a compromise in the context of the reform of this Mining Code,” said the minister of mines, Fidiniavo Ravokatra, at the first meeting of this steering committee yesterday in Ampandrianomby.

They plan to present the potential changes to the mining laws at the next parliament meeting in June. We note that due to the Coronavirus, this could be delayed.

Local Issues and DNI's previous Country Manager

In January of 2017, the DNI team, held information meetings with the local residents prior to commencing the drilling program. The Main zone and the SW zone on DNI's Vohitsara claim have

two villages, the Village of Vohitsara and the Village of Ambatolampy. The DNI team and the Ministry of Agriculture, formulated a process to compensate the locals for damage to any of their crops, incurred from the drilling program. A few of the locals were not happy with the compensation, and were upset with DNI's previous Madagascar team, in the way they were treated. The locals commenced a legal action, against DNI, and in particular against DNI's previous Madagascar team. They also tried to claim that DNI did not have the right to complete an exploration program.

On December 4, 2017 the Court decided in DNI's favour on all accounts, and that it had the right to complete exploration on the Vohitsara property, since the previous owner had received permission under the PRE permit provision.

On December 15, 2017, the Ambatolampy group filed an appeal. On May 15, 2018 the appeals Court, *Cour D'Appel de Toamasina*, rejected some of the decisions handed down by the judge's decision on December 4, 2017. The appeal judge added that he felt that no decision had yet been rendered by the administrative body with regard to the request for transfer and transformation of the PRE into a PE. The appeal court further stated that the transfer and transformation procedure is ongoing and that the title card has not yet been granted.

On August 16, 2018, DNI filed an appeal with the Supreme Court of Madagascar.

On October 15, 2018, the DNI Madagascar team lead by the former Country Manager, Steven Goertz, was terminated, and Daniel Weir, DNI's CEO, took charge of all operations in Madagascar. Steven Goertz refused to return to DNI any and all corporate documentation in his possession.

After an investigation was completed by Daniel Weir, DNI was able to come to a settlement with the Ambatolampy group, and all court actions were withdrawn on February 13, 2019. The terms of the settlement are confidential, and were deemed non-material to the company, according to accounting standards.

Mr. Weir and DNI's new team, has been able to build a new and strong relationship with the locals and the local governments. They are supportive of DNI getting into production. In fact, they have written letters the federal government of Madagascar, showing their support.

Conditional Approval of Environmental Licenses

DNI has received conditional approval of its Environmental Licenses for its Vohitsara and Marofody Graphite Projects from the *Office National pour l'Environnement* (the National Office for the Environment or "ONE"). The Environmental documents will be released to DNI, once DNI shows the original title cards. The previous Madagascar Country Manager notified the Management and the Board of DNI that he had seen the title cards. We now do not believe this to be true.

Fraud Trial

While investigating the permitting process completed by the previous Madagascar Country Manager and his team, the "ONE" claimed that documents presented to DNI Senior Management and Board in Canada had been forged. The previous Madagascar Country Manager had withdrawn the funds from DNI's bank account in Madagascar and yet according to the "ONE" did not pay the permit fees to the government.

Under Malagasy law, if a person becomes aware of a crime it must be reported to the police. Therefore, Daniel Weir reported the fraud to the police. The fraud being, that the former DNI Madagascar team lead by Steven Goertz, the former Country Manager, had forged government documents and misappropriated the applicable funds. Under Malagasy law it is also illegal not to file the corporate taxes in a timely manner. As the previous DNI Madagascar team refused to return the corporate documents to DNI, Daniel Weir on behalf of DNI had to file a report with the police stating that the pertinent corporate documents required to file the taxes had been lost or stolen. As Steven Goertz still held those documents in his possession, he was able to claim that the report filed with the police claiming the documents were lost or stolen was technically invalid.

On February 19, 2020, a trial was held. On March 5, 2020 a judgement and sentencing was released. The formal reports from that trial have yet to be released, due to the coronavirus, but counsel for DNI has reported that Mr. Steven Goertz, (the former DNI Madagascar Country Manager and team leader) was convicted of fraud, in regard to the missing funds, creating false permitting documentation and fake receipts. The sentencing includes jail time, fines, and eviction from Madagascar. That said, that same judge found that Daniel Weir filed an invalid report with the police. Mr. Weir has appealed the decision against him. Mr. Goertz cannot appeal his conviction, since he and his lawyers chose not to attend the trial. DNI may have further details once it can access the court documents.

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Issued Common Shares: 132,687,603

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