

# DNI METALS INC.

Graphite to fuel the Clean Energy Revolution

Madagascar Graphite Properties  
Low Cost Saprolite hosted Rock  
Permitted – EIS within weeks  
Large Flake  
Offtake - Korea  
50 kms to a Port

November, 2018

DNI

Developing  
Graphite  
Mines

Graphite  
Wholesale

Offtake

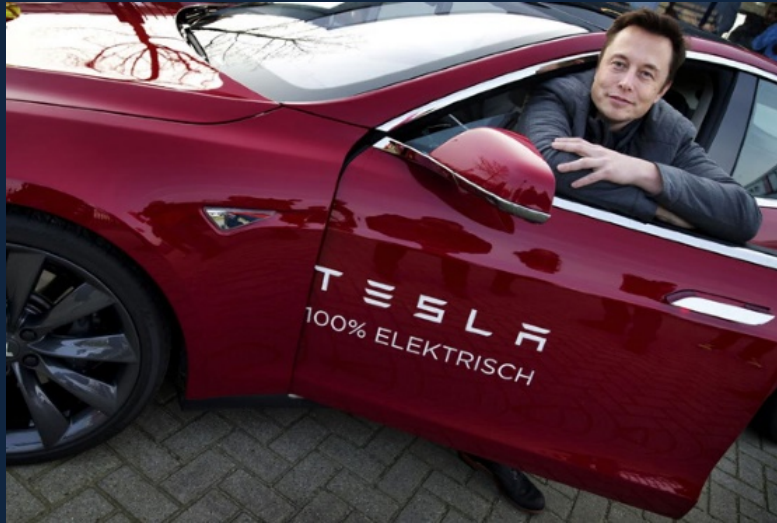


# DNI METALS INC.



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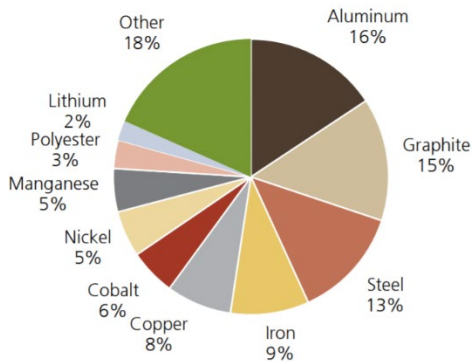
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“Our cells should be called NICKEL-GRAPHITE, because primarily the cathode is nickel and the anode side is GRAPHITE with silicon oxide... [there’s] a little bit of lithium in there, but it’s like the salt on the salad,”

Elon Musk, June 5, 2016

Figure 55: Battery pack commodity breakdown (weight)



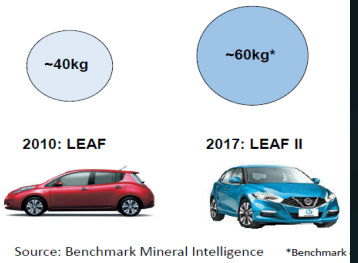
Source: UBS

13% more Graphite than Lithium  
In a Lithium Ion Battery Source: UBS



Raw material consumption in EVs

Nissan: Graphite

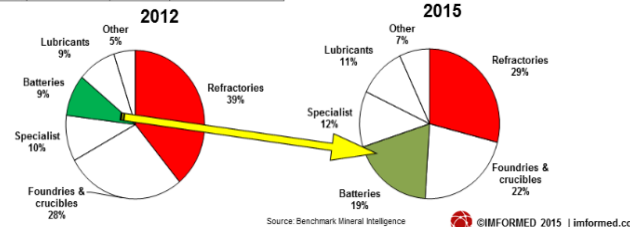
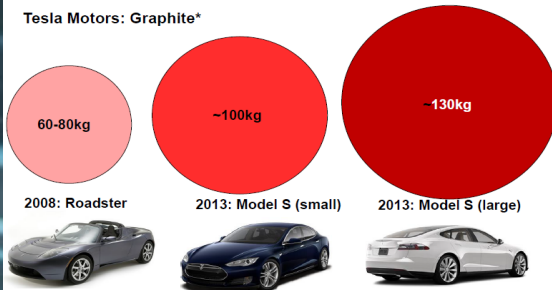


Flake Graphite "FG" used  
For Batteries – Huge growth

Future demand conflict: rise of Li-ion battery market using 100# FG will impact FG demand for refractory and foundry markets

Raw material consumption in EVs

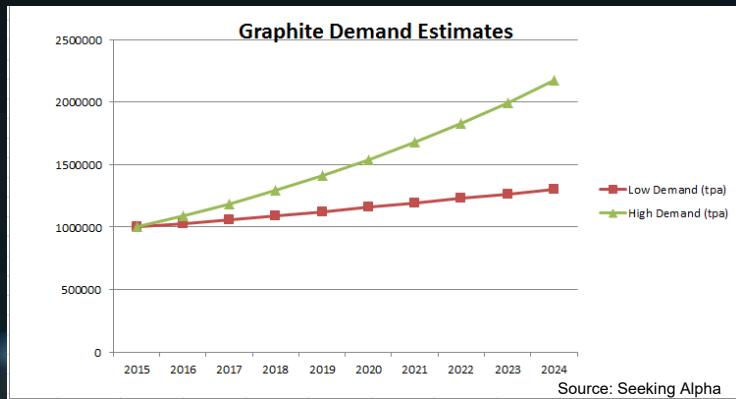
Tesla Motors: Graphite\*







# GRAPHITE DEMAND



Potential – Increase demand for 500-000 to 1.2 million Tonnes Of Graphite Over next 10 years – Just for Battery industry

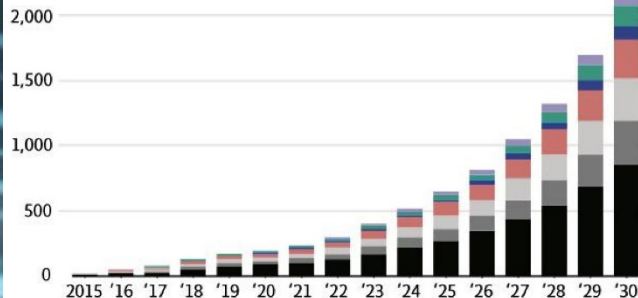
Source: Seeking Alpha

## Demand surge

Global metals and materials demand and projected demand from EV lithium-ion batteries

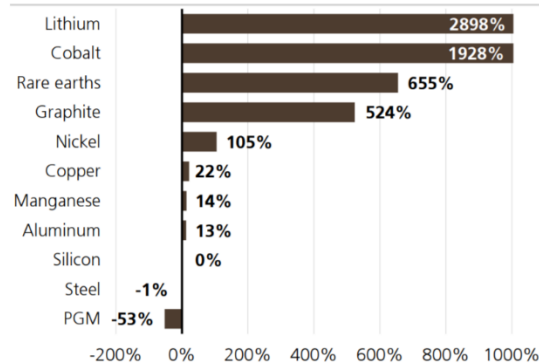
■ Graphite ■ Nickel ■ Alumin. ■ Copper ■ Lithium ■ Cobalt ■ Manganese

2,500 thousand tonnes



THE GLOBE AND MAIL, SOURCE: BLOOMBERG

Figure 14: Incremental commodity demand in a 100% EV world (% of today's global production)



Source: UBS estimates

# GRAPHITE – MINE TO EV



1. Mining



2. Processing



Ready For Export

3. Sorting & Bagging



4. Shipping

DNI will complete steps 1-4 at Mine(s) - Madagascar



Customers in Korea, India, USA, Japan, Europe and China will upgrade the Graphite Steps 5-8



5. Micronization



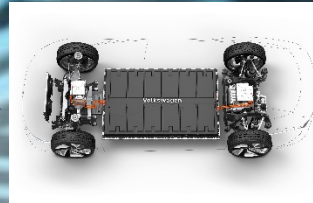
6. Purifying



7. Shaping



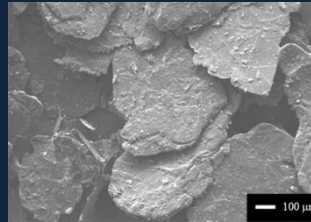
8. Coating



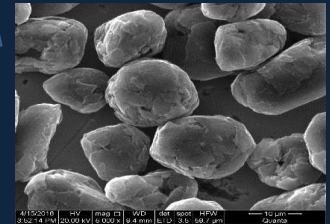
# GRAPHITE – FROM MINE TO LITHIUM ION BATTERY



Ore – 3-15% graphite



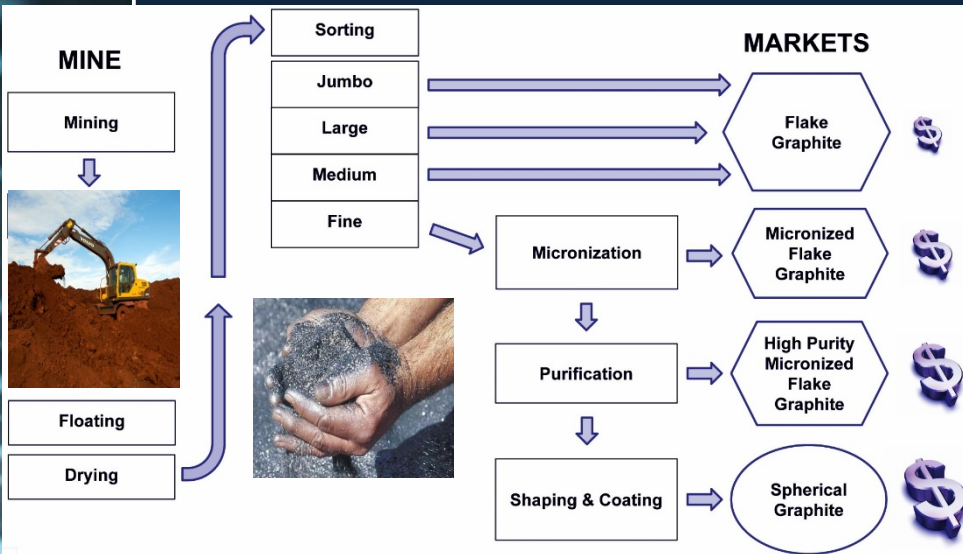
Processed Flake Graphite  
95-98% Purity



Micronized, Purified,  
Shaped and Coated  
99+% Purity



Porsche Mission E





# QUOTE : JOHN HYKAWY OF STORMCROW CAPITAL

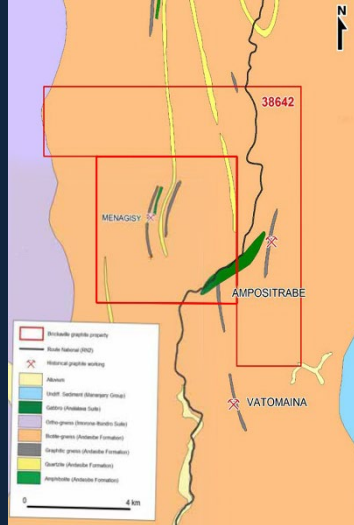
- **How do you think junior graphite companies will be able to compete with Chinese pricing?**
- **JH:** The only way they're going to be able to do it is two factors, really. It's type of deposit and the old adage of location, location, location. So, producing in a very remote location, even with a deposit that's really high-quality but in hard rock is probably a lost cause. **What we're going to be looking for are fairly high-grade deposits, hosted in friable rock or in sediments, in clays, so that the mining required is very inexpensive,** the processing is available, and hopefully this deposit is **also close to the coast or close to highways so it can be transported out relatively simply and relatively inexpensively.**
- Interview with Investing News Network, June 22, 2016.
- **DNI fits his criteria.**



# DNI GRAPHITE DEPOSITS MADAGASCAR VOHITSARA & MARAFODY



- 50 Kms to a port
- Permitted – Environmental Permit within weeks
- Over 100 square kms
- Highway access
- **SAPROLITE**







# MADAGASCAR **ADVANTAGE** SAPROLITE – SOFT OR FRIABLE ROCK

No  
Drilling

No  
Blasting



Free Dig



Trommel  
Attrition



Floating



Graphite

Lower  
Capex  
and  
Opex

Note: China is the largest hard rock producer, low cost Saprolite deposits have a cost advantage over China.

# HARD ROCK **DISADVANTAGE**



Drilling  
**EXPENSIVE**



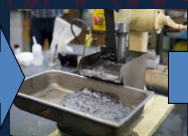
Blasting  
**EXPENSIVE**



Loading



Grinding  
**EXPENSIVE**



Floating



Graphite

# PERMITTED PROPERTIES

*DNI's projects are Licensed , (pending Environmental permits E.I.E) that have a term of 40 years and are fully renewable.*

*The following table sets out the license types in Madagascar.*

License Types	PRE	PR	PE (DNI Licenses)
License Description	Artisanal Mining Licence	Exploration Licence	Mining Licence
Term of Validity	8 Years	5 Years	40 Years
Renewal	4 years – multiple	3 Years x 2	20 Years – Multiple
Eligibility	Malagasy Nationals	All Local Entities	All Local Entities
Maximum Size (km <sup>2</sup> )	100	1,000	1,000
Rights Conferred	Exploration & Mining	Exploration	Exploration & Mining
Sale of Mineral Products	Yes	No	Yes
Restrictions	Maximum 20 Workers / No Mechanised Mining Operations (Artisanal Only)	No Commercial Mining Allowed	Full Commercial Mining Allowed
Environmental	Simple Preliminary Study (P.E.E.)	Simple Preliminary Study (P.E.E.)	Full Impact Study (E.I.E)

# MADAGASCAR IS A MINING FRIENDLY JURISDICTION



President Barack Obama and First Lady Michelle Obama greet, His Excellency and Mrs. Hery Rajaonarimampianina Past President of the Republic of Madagascar Aug, 5, 2014

Over the past 5 years an estimated \$9 Billion has been invested in Madagascar by major mining companies. Sherritt, Kores, Sumitomo and Rio Tinto



Developing  
Graphite  
Mines

# GRAPHITE PROJECT WISH LIST

- |                                    |   |
|------------------------------------|---|
| 1. Team                            | <u>DNI Metals</u>   |
| 2. High Grade                      | <b>YES</b> -BUILT GRAPHITE MINES                                |
| 3. Large Flake                     | <b>YES</b> -3-30% from trenching programs                       |
| 4. Low Cap-Ex                      | <b>YES</b> -62-67% large flake                                  |
| 5. Low-Cost                        | <b>YES</b> -SAPROLITE-Weathered Rock                            |
| 6. Friendly Mining<br>Jurisdiction | <b>YES</b> -SAPROLITE-Sandy clay material                       |
| 7. Infrastructure                  | <b>YES</b> -\$9 BILLION SPENT IN<br>MADAGASCAR IN PAST 10 YEARS |
| 8. Permitted                       | <b>YES</b> -50KMS TO A PORT, PAVED ROAD                         |
| 9. Customers / Offtake             | <b>YES</b> -Environmental Permits within weeks                  |
|                                    | <b>YES</b> -BUILDING THROUGH WHOLESALE                          |

1. The Vohitsara Graphite project (Madagascar) met the criteria Purchased by DNI June 2015
2. DNI buys 2nd Madagascar Graphite project (Marofody) that met the criteria in October 2017

# DNI – POWERING THE FUTURE WITH GRAPHITE



Graphite  
Mine



## Mobile Energy

*Alkaline Batteries*  
*Zinc-C Batteries*  
*Lithium-Ion Batteries*  
*Fuel Cells*  
**FINE Flake**

## Engineering Materials

*Solar Technologies*  
*Semiconductor Coatings & Paints*  
*Powder Metallurgy*  
*Graphite Foils*  
**Fine- Jumbo**

## Carbon Additives for Polymers

*Conductive Plastics*  
*Conductive Coatings & Paints*  
*Carbon Fibers*  
*Flame Retardants*  
**Fine- Jumbo**

## Hot Metal Forming

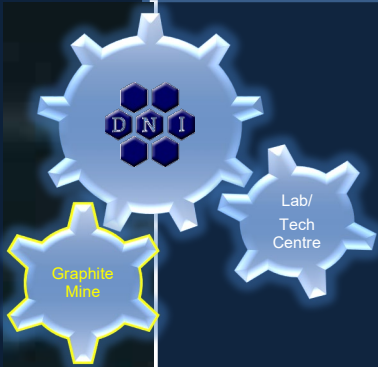
*Lubricants for Seamless Tubes*  
*Descaling Agents*  
*Forging*  
**Fine- Jumbo**

## Refractories & Metallurgy

*Refractories*  
*Crucibles*  
*Hot Metal Toppings*  
**Fine- Jumbo**



# FLAKE SIZE MATTERS



Larger  
flake  
means  
higher  
margins



Fine and Med Flake  
\$500-\$950 per Mt



Large and Jumbo Flake  
\$1,000-\$2,500 per Mt



Note: Purity also effects the price



# LARGE FLAKE - EXPANDABLE GRAPHITE

Large Flake expands better than small flake commanding much higher margins.

DNI is 67.4% large flake\*



## Expandable graphite markets

- Fuel cells
- Gaskets
- Foil
- Construction materials
  - flame retardant
  - replaces carcinogenic compounds



\*Disclaimer: Testing was done at the Lab we are acquiring but prior to LOI, See DNI Press release dated Oct. 7, 2015 All testing was done to NI 43-101 standards.



# DNI METALS INC. GRAPHITE FOCUSED

## 1. Graphite Wholesale

- Importing Graphite from Brazil
- DNI has delivered shipments in 2017

## 2. Signed Offtake

- Up to 24,000 Mt of large flake per annum
- Korea, Shipping starts 2019

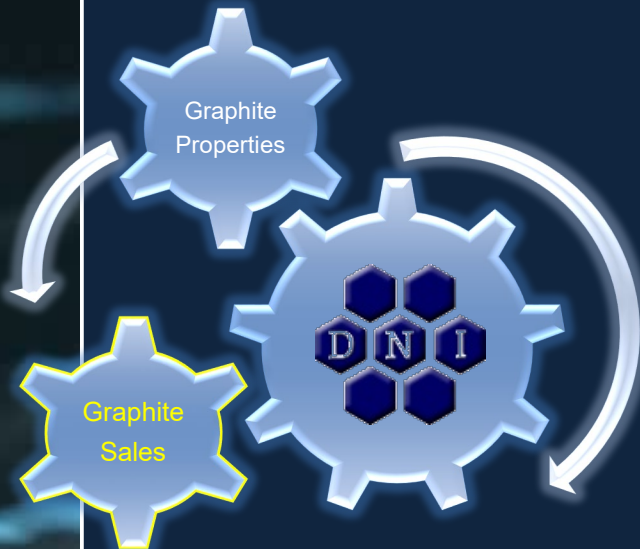
## 3. Two properties in Madagascar

- Permitted, 50kms to a port
  - Property A - Vohitsara
  - Property B – Marofody

## 4. Building Pilot Plant

- Capacity up to 6,000 Mt per annum
- Ready to operate in 6 months

## 5. Commercial Production Potential 2019



<b>DNI CSE Canada</b>		<b>DMNKF OTC United States</b>
120 million shares	15% owned by Mgmt., Board, and Advisors	
Closing Price	October 12, 2018	C\$ .07
Market Cap.	October 12, 2018	C\$ 8.4 million

# BIOGRAPHIES – MANAGEMENT

Daniel J. Weir

Executive Chairman

CEO, President

Dan has worked for over 20 years at some of the top financial firms in Canada. He worked as an Institutional Equity Trader, and as a broker he managed over \$500 million. Before joining DNI in November 2014, he was the Head of Institutional Sales at a boutique firm focused on financing Mining companies. Having raised millions of dollars, both publicly and privately, Mr. Weir has expertise at evaluating and financing mining deals. Dan has managed large high tech electrical and energy management projects, having owned his own electrical management firm. Dan graduated from the University of Toronto.

Ken Storey

Chief Financial Officer

CFO

Mr. Storey is a Certified Professional/Management Accountant and Business Analyst with over 25 years of private and public entity accounting experience. He brings a solid background of financial expertise, operational and business experience to DNI, including financial reporting, restructuring, acquisitions, strategic planning, treasury and risk management. Prior to joining DNI, Mr. Storey held senior financial positions in a number of publicly traded, international companies, including Dundee Corp., Vinci S.A., Caterpillar Inc., and Dundee Precious Metals. Mr. Storey attended The University of Toronto and obtained his professional designations in the early 1990's.

Ken brings African experience having lived and worked in Namibia during his tenure with Dundee Precious Metals. Ken worked directly with the local leadership and senior government officials in Namibia.

Dominique Ferreria

Office Manager - Madagascar

Based in Antananarivo, Dominique oversees all administrative responsibilities for the DNI Metals Madagascar office. A key deliverable is that business processes, ways of work and daily operations are executed efficiently, cost-consciously and to the highest standard. Co-creating strategies and assisting with implementation thereof with a team of skilled professionals, as well as, integrating the various departments within the business is one of her priorities. Having lived and worked in Madagascar for four years, allows Dominique good insight into the cultures, norms and standards of the island.

## Madagascar team

1. In house lawyer – Part-time Contractor
2. Government Relations-Part-time Contractor
3. CSR – Site relations – Part-time Contractor
4. Bookkeeper/Accountant – Hiring full time Contractor

As DNI constructs its pilot plant and ultimately larger scale production, additional team members will be required.



# BIOGRAPHIES- BOARD OF DIRECTORS & ADVISORS



Daniel J. Weir

Chairman

CEO, President

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John Carter

Director

Process Engineer

Mr. Carter is currently the CEO of Northern Sphere Mining. Has over 35 years experience in the metals and mining industries. Mr. Carter specializes in the engineering design and manufacturing of mineral processing equipment for mining operations and operators such as Timcal Inc., currently the largest natural graphite mining company in North America. John has built over 200 mineral processing plants around the world, including 3 graphite processing plants.



Keith Minty

Director

Mining Engineer, MBA

Keith has more than 30 years professional experience in mineral resource exploration and development in precious and base metals, industrial minerals. Mr. Minty obtained extensive graphite technical and operating experience at both North Coast Industries (now Northern Graphite Corporation) Bissett Creek Graphite and Cal Graphite Corporation (now Ontario Graphite Inc.) Kearney graphite mine and has experience of in the development of several past and new Sri Lanka graphite projects. Mr. Minty has had the opportunity of conducting Madagascar precious metals project valuations and is knowledgeable of the political and social requirements associated with Madagascar project development and operations.



Peter Eriksson

Advisor – Brazil

Logistics Expert

Mr. Eriksson is the Managing Director of SR Brazil, in Belo Horizonte, Brazil. He has lived in Brazil since 1993, and is fluent in Portuguese and English. Prior to moving to Brazil from Canada, Mr. Eriksson was the VP Business Development at Longview Capital. He has over 18 years in the natural resource industry. He managed a very successful Brazilian Import/Export Business.



Raymond E. Mitchell

Advisor-Ex Director

CPA, CA

Ray Joined the Company in June, 2007, and has over 30 years of experience as a chartered accountant and senior executive. Mr. Mitchell has previously served as Senior Vice President and Chief Financial Officer for the Canadian Depository for Securities (CDS). During his 24 year career with CDS, he undertook a variety of senior roles, including Executive Oversight of the development of SEDAR. Prior to CDS, Mr. Mitchell was responsible for a variety of financial functions for a large Canadian trust company. He currently serves as CFO of Latin American Minerals (LAT-V).

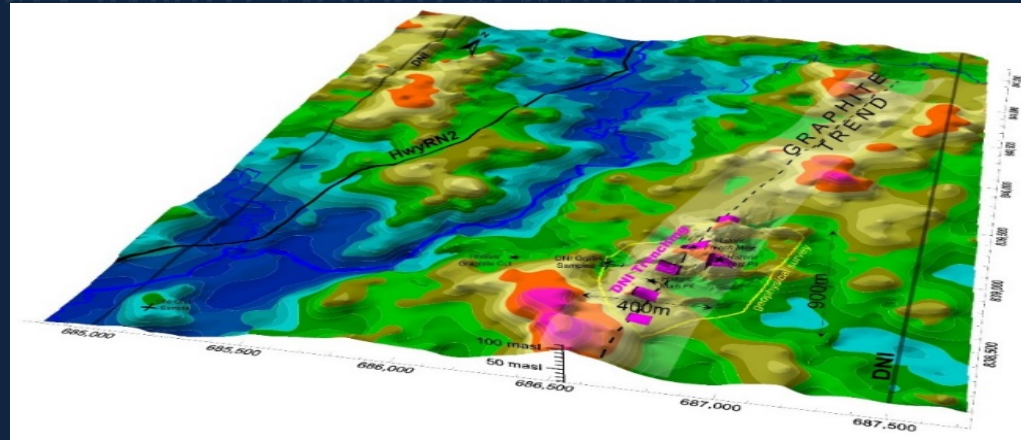
Notes:

Notes:



# APPENDIX

# DNI GRAPHITE DEPOSIT #1 MADAGASCAR



- \* Drilling, Trenching and Geophysics program complete
- \* Confirmation of Large/Jumbo flake, high quality Graphite

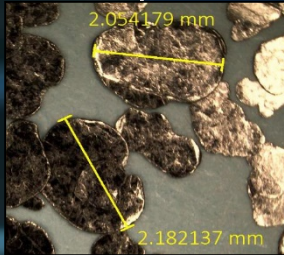




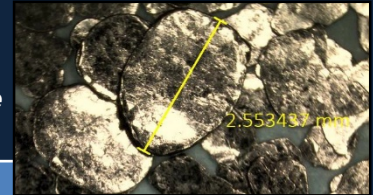
# Metallurgical Tests

have produced very high grade concentrates (>98% Total Graphitic Carbon) from both high and low grade raw composites

- Conventional Flowsheet utilised with minimal grinding
- The high-grade sample produced a concentrate with 28% >500  $\mu\text{m}$  (Super Jumbo Flake) and 65% > 180  $\mu\text{m}$  (Large Flake), at an overall concentrate grade of **98.4%** Total Graphitic Carbon
- The low-grade sample produced a concentrate with 53% mass > 180  $\mu\text{m}$  (Large Flake) at an overall concentrate grade of **98.3%** Total Graphitic Carbon
- Results achieved at a coarse grind size of 1 mm



*Micrographs of High Grade +500  $\mu\text{m}$  Flake Graphite*



Size Fraction	High Grade Comp			Low Grade Comp		
	Mass %	TC %	LOI %	Mass %	TC %	LOI %
$\mu\text{m}$						
500	28.4%	98.31	99.49	1.0%	98.52	<b>99.04</b>
300	21.3%	98.95	99.35	21.7%	98.52	<b>99.04</b>
180	15.4%	98.65	99.25	30.0%	98.92	<b>98.63</b>
150	6.6%	99.12	99.28	12.0%	97.29	<b>98.36</b>
106	7.0%	98.98	99.21	10.7%	97.11	<b>98.44</b>
75	6.0%	99.00	99.20	7.6%	98.17	<b>98.31</b>
-75	15.4%	96.53	96.27	17.0%	98.17	<b>97.48</b>
<b>Calc Head</b>	<b>100.0%</b>	<b>98.37</b>	<b>98.88</b>	<b>100.0%</b>	<b>98.26</b>	<b>98.45</b>

# FIRST 3 DRILL RESULTS FROM PROPERTY #1 - VOHITSARA

DNI Metals – Initial Drilling Assay Results Received;  
including 4.5m of 10.59% Graphitic Carbon.

## Highlights

**VHT0019:** 19.50m @ 6.12% GC, from 10.00m  
(incl. 4.50m @ 10.59% GC, from  
19.00m);

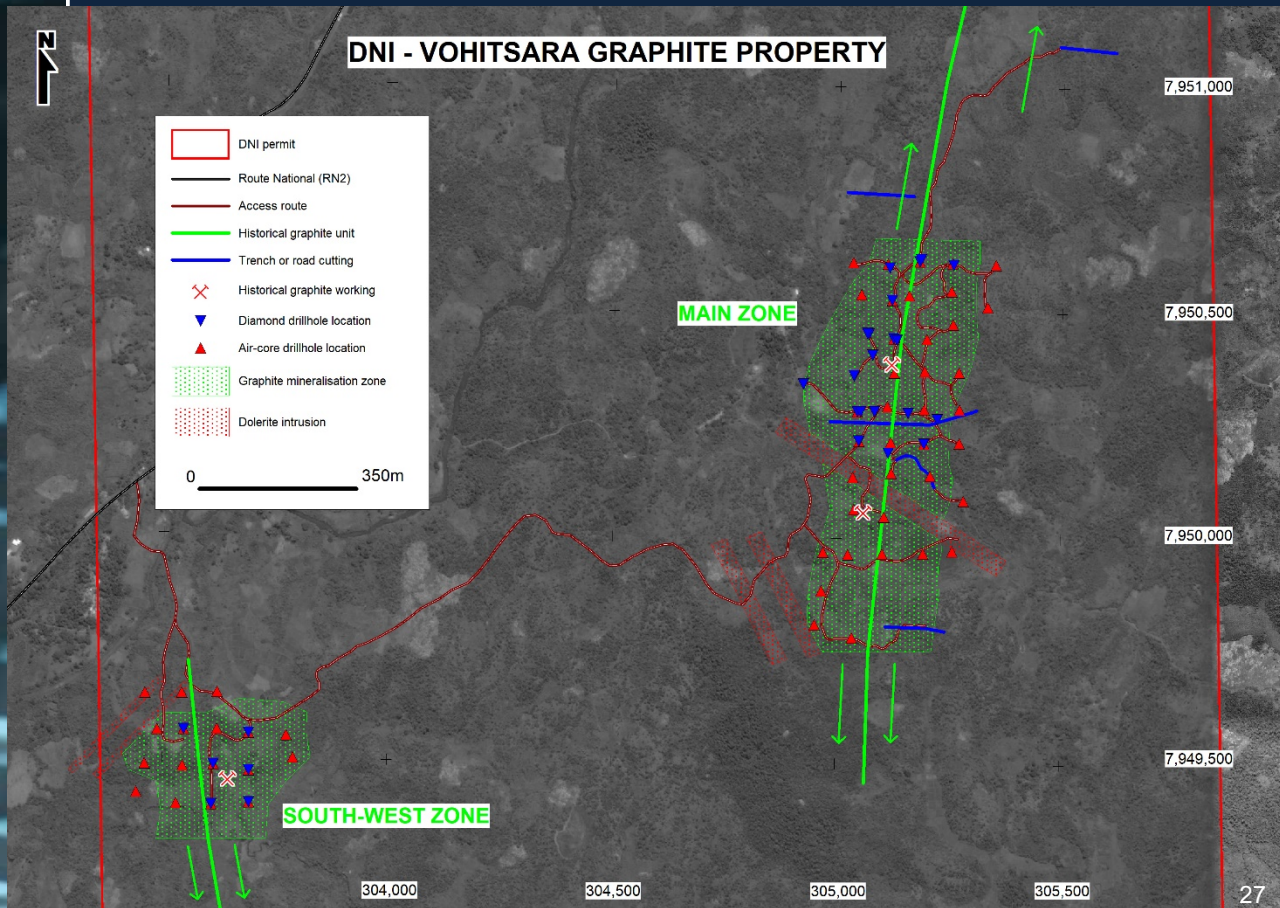
**VHT0025:** 11.50m @ 7.23% GC, from surface;

**VHT0016:** 12.00m @ 4.14% GC from 8.50m &  
4.50m @ 5.20% GC, from 25.00m.

- Receipt of the first batch of drilling assay results from its Vohitsara Graphite Project in Madagascar, including: six (6) mineralised holes from the Southwest Zone & the first three (3) holes from the Main Zone;
- Drilling has confirmed that free-dig saprolitic weathered material has been developed to depths of 17m to 42m below surface; averaging 28m;



# DRILLED AREAS OF VOHITSARA GRAPHITE PROJECT.





# NEW PROPERTY #2 - MARAFODY

- 3 holes were drilled in 2016, by previous owners (not to NI-43-101 standards) Highlights:
- Over 600 m of trenching completed in 2016, by previous owners.



## DNI collected Samples in January and February

- Highlights:
- 52-88% large flake
- Up to 14.1% grades

Drilling Intersections, PE8904				
Hole #	From	To	Interval	Grade TGC%
BD001	26.5	67.3	40.8	7.8
	85.0	111.6	26.6	7.9
BD002	16.8	47.1	30.3	8.5
	70.2	97.5	27.3	8.5
BD003	17.8	49.7	31.9	8.3
	59.2	79.4	20.2	8.8
				8.2

# LITHIUM ION BATTERY - MANUFACTURING

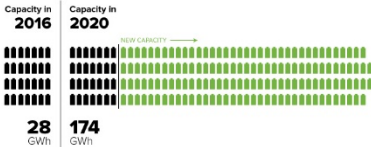
Chart of the Week

## CHINA IS LEADING THE CHARGE

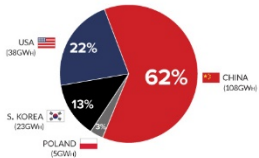
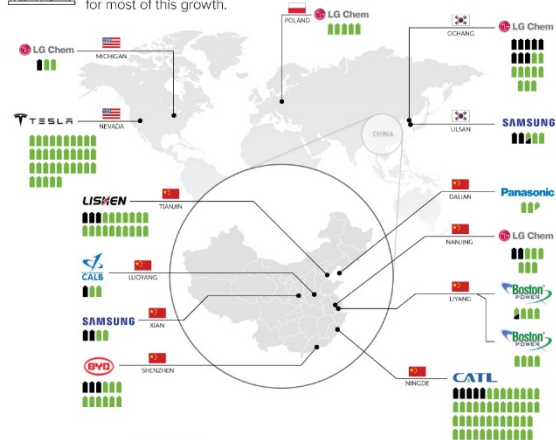
Lithium-ion megafactories in China to grow capacity 6X by 2020



Global lithium-ion battery production capacity will increase by **521%** between 2016 and 2020.



China's battery sector continues to be a hub for most of this growth.



By 2020, mass production of lithium-ion batteries will still be concentrated in just **four** countries.



**+** TODAY

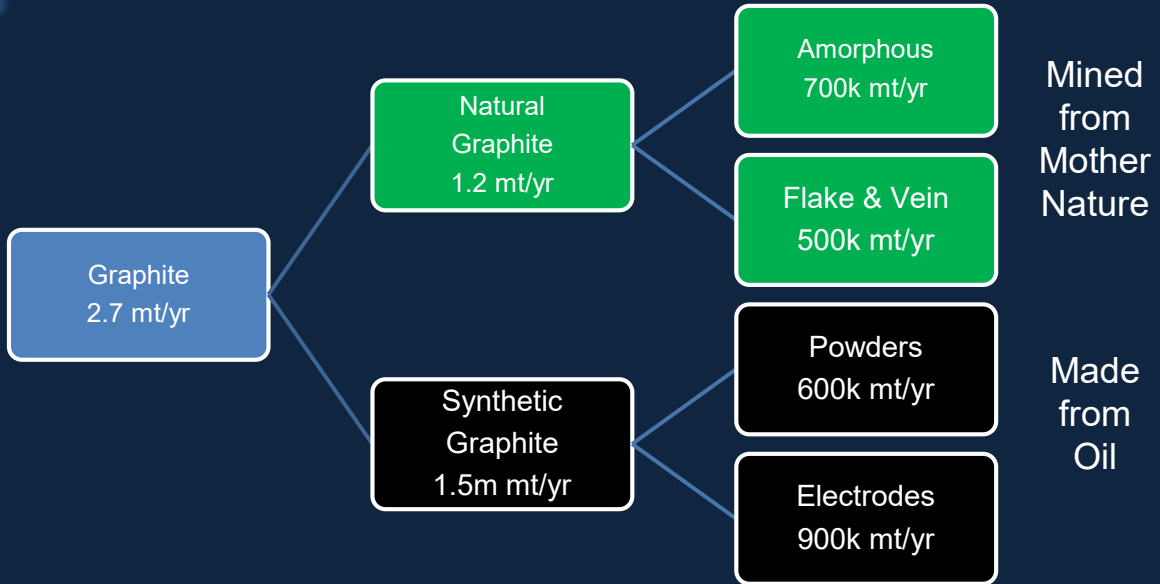
LITHIUM-ION BATTERIES ARE ALREADY IN OUR MOBILE DEVICES AND POWER TOOLS

**+** TOMORROW

LITHIUM-ION BATTERIES WILL POWER THE FUTURE OF GREEN TECHNOLOGY.



# NATURAL FLAKE GRAPHITE IS TAKING SHARE FROM THE SYNTHETIC



Battery manufacturers used to prefer synthetic graphite for its superior consistency and purity. Today, natural graphite can achieves higher purity rates (99.9% vs 99.0%).

# NATURAL IS BETTER, CHEAPER AND MORE ENVIRONMENTALLY FRIENDLY THAN SYNTHETIC



Graphite Mine

Natural graphite  
(made into spherical graphite)  
US \$7,000 per mt

Synthetic graphite  
US \$10,000 per mt

## Energy Consumption: Natural vs. Synthetic Graphite

To produce 1 ton of synthetic graphite with similar carbon content and particle size approx. 200% more energy is needed

### Natural Graphite Summary Flow Sheet



Total energy required to produce 1 ton of natural graphite (approx. 99.5% carbon) is 2,500 kWh/MT

### Synthetic Graphite Summary Flow Sheet



Total energy required to produce 1 ton of synthetic graphite (approx. 99.5% carbon) is 7,500 kWh/MT

**Natural** graphite offers:

- \* **better** electrical and thermal conductivity;
- \* 67% less energy consumed in manufacture;
- \* 30% **lower cost** for use in Lithium Ion Batteries;



**THE DNI TEAM IS DEDICATED AND COMMITTED TO  
BEING A FULL PARTICIPANT IN THE CLEAN ENERGY  
REVOLUTION.**



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[danweir@dnimetals.com](mailto:danweir@dnimetals.com)