



September 11, 2017

Daniel J. Weir
Executive Chairman
DNI Metals Inc.
119 Pinewood Trail
Mississauga, ON L5G 2L2
tel (416) 595-1195
danweir@dnimetals.com

Dear Mr. Weir,

re: Vohitsara Graphite Project, Madagascar

I am writing regarding a series of alleged abuses and irregularities at this project, specifically in relation to the community of Vohitsara Ambatolampy. We have received detailed and credible reports that beginning in April of this year, and despite DNI Metals' reported commitments to the community, the villagers' crops, trees, fish ponds, and agricultural lands have been destroyed without their consent and fair compensation; that villagers have been intimidated and harassed by your employees and by government officials when they sought to stop the unauthorized operations and to get fair compensation for damages they have suffered; and that compensation agreements have subsequently been entered into with some villagers that do not meet basic standards of fairness. We would ask you to maintain the commitment you reportedly made on February 23, 2017, and refrain from going onto people's land without their permission.

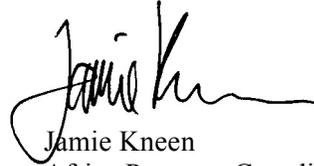
We are also concerned by reports that gendarmes, possibly acting on DNI Metals' request, are preventing local people from entering their own farms, where your team is actively working without permission. It would be highly inappropriate, to say the least, if they are preventing a legal and legitimate activity while protecting an illegal one, and deeply troubling if DNI Metals were to be taking advantage of this to further its exploration program.

While we are aware that there are no legal requirements for Canadian corporations' international operations under Canadian law, other than the *Corruption of Foreign Public Officials Act*, Canada is party to a number of international instruments and conventions in respect of business and human rights, and the Canadian government does expect Canadian companies to respect local laws wherever they operate, regardless of any lack of rigour in their enforcement.

Furthermore, we would like to clarify several discrepancies in reports regarding DNI Metals' permits for this project. Your March 19, 2017 news release states that you have a Permis d'Exploitation (PE), but does not provide the permit number or date of issuance, while other enquiries have indicated that the Vohitsara project is still under the Permis Réserve aux Petits Exploitants (PRE38642) under the individual's name from whom DNI Metals purchased the land. The mining code states that holders of this type of permit must be Malagasy citizens and must use artisanal mining techniques. At the same time,

your news release indicates that the PE requires a full environmental impact study, with no indication of the status of such a study, nor of the preliminary environmental study required under the PRE. Local people say they were not contacted regarding questions related to environmental and social impacts prior to the initiation of exploration activities. As such, we would appreciate specific confirmation from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jamie Kneen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jamie Kneen
Africa Program Coordinator,
MiningWatch Canada

cc. Steve Goertz, Country Manager (Madagascar), DNI Metals, sgoertz@dnimetals.com