

Karmin Exploration Inc. provides an update on the Aripuanã Zinc-Lead-Copper-Silver-Gold Project

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TORONTO, June 01, 2018 - [Karmin Exploration Inc.](#) ("Karmin") (TSXV:KAR) (Lima Stock Exchange:KAR) is pleased to provide a progress update on its 30% owned Aripuanã Zinc Lead Copper Silver Project ("Aripuanã"), including an update on current concentrate market conditions.

Karmin has a 30% carried interest in Aripuanã, which is a main growth project being run by its partner [Nexa Resources S.A.](#) ("Nexa") and is not required to contribute to the project costs until one year after the completion of a feasibility study and notification from Nexa that the development of Aripuanã will proceed. Nexa directly and indirectly owns the remaining 70% in Aripuanã.

Karmin has commercial rights proportional to its 30% interest in Aripuanã's lead, copper, silver and gold production. Nexa has rights of first refusal on Karmin's 30% of the zinc production. As part of its strategic alternatives (as described below) Karmin would consider the use of its participation rights on the silver and gold production to provide flexibility to potentially raise capital in the form of stream financing for future funding requirements and/or maximizing Karmin shareholder's value.

Recent progress at Aripuanã

- Karmin is advised that expenditures during the first quarter of 2018 by Nexa totaled US\$2.9 million with;
 - US\$0.8 million spent on approximately 2,000 metres of drilling to extend the Link and Arex deposits plus infill drilling at Babaçu and
 - US\$2.1 million on engineering, environmental and geo-mechanical studies.
- Karmin understands that an update to the mineral resource dated December 23, 2016 is expected in the second quarter of 2018.
- As previously reported SNC Lavalin has been contracted, by Nexa, to develop a feasibility study on Aripuanã with completion expected in the second half of 2018. Karmin has been advised that the feasibility study was approximately 58% complete at the end of March 2018.
- Estimated 2018 expenditures to advance Aripuanã total US\$25.5 million and include;
 - Exploration; US\$5.5 million and
 - Capital expenditures; US\$20 million.

Strategic Alternatives Review

- Karmin is making progress with its review of strategic alternatives including reviewing the financing alternatives for its participation in the development of Aripuanã and such other value enhancing alternatives as a corporate sale or the sale of all or a material portion of Karmin's assets. As previously reported the Company has engaged CIBC World Markets Inc. to act as its exclusive financial advisor in connection with this strategic review.

Current Concentrate Market Conditions

- Recent press coverage of sales contracts for the processing of zinc, lead and copper concentrates indicate that these agreements are being settled at significantly lower levels than in previous years.
- Several press accounts indicate that the zinc concentrate treatment charges for 2018 annual contracts have been settled at a 12 year low of approximately US\$147 per tonne of concentrate and that current spot contracts are in the range of US\$15-35 per tonne. In comparison zinc treatment charges during 2017 were US\$172 per tonne. Karmin's Technical Report on the Preliminary Economic Assessment of Aripuanã dated July 31, 2017 (the "PEA") forecast that Aripuanã would produce approximately 100,000 tonnes of zinc concentrate per year.

- Press accounts also indicate that the lead concentrate treatment charges for 2018 annual contracts have been settled approximately 20% lower than 2017 contracts at approximately US\$100 per tonne of concentrate. The PEA forecast that Aripuanã would produce approximately 32,000 tonnes of lead concentrate per year.
- It has also been reported that benchmark copper concentrate treatment charges for 2018 have been settled approximately 11% lower than 2017 contracts at approximately US\$82.25 per tonne of concentrate plus a refining charge of US\$0.08225 per pound. The PEA forecast that Aripuanã would produce approximately 16,000 tonnes of copper concentrate per year.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the results of the PEA will be realized.

As set out in Karmin's press release of October 19, 2017, the PEA provides for commencement of mining at Aripuanã in 2020 with a subsequent mine life of 24 years and a US\$461 million pre-tax NPV and a US\$321 million after-tax NPV, each using a 7% discount rate. For all of the details and assumptions underlying the PEA, readers should consult the PEA which can be found under Karmin's profile at www.sedar.com.

Aripuanã General Project Description

The Aripuanã project is owned by Mineração Dardanelos Ltda., a joint venture between Nexa (which holds a 63.3% interest), Compañía Minera Milpo S.A.A., a subsidiary of Nexa (which holds a 7.7% interest) and Mineração Rio Aripuanã Ltda., a subsidiary of Karmin (which holds the remaining 30%). Aripuanã is an underground polymetallic project containing zinc, lead and copper, with an anticipated mine life of 24 years and a projected start date in 2020. As set out in the PEA, the estimated aggregate capital expenditure required for this project is US\$354.3 million. It is currently estimated that the Aripuanã project, if and when it is fully developed and begins operation, could produce an annual average of approximately 51.0 thousand tonnes of zinc in concentrate, 20.0 thousand tonnes of lead in concentrate, 4.0 thousand tonnes of copper in concentrate, 1.0 million ounces of silver and 25.0 thousand ounces of gold over a 24-year life of mine.

Aripuanã is located in the State of Mato Grosso, Brazil, exhibiting characteristics of a Volcanogenic Massive Sulfide, or VMS, deposit similar to those found at Cerro Lindo. The PEA disclosed the details of the possible development of an operation with 5,000 tpd mining and processing capacity. Nexa has a strong track record of mine development and expansion in Peru and Brazil including the modular expansion of Cerro Lindo's processing capacity from an original 5,000 tonnes per day to the current capacity of 21,000 tonnes per day.

The Preliminary Licence to develop Aripuanã has been granted by the Environmental authorities of the State of Mato Grosso, Brazil (SEMA/MT) after the approval by the Environmental State Council (CONSEMA) in a session held on April 25, 2018. The Preliminary Licence certifies that Aripuanã complies with the requisite environmental regulations and is an important milestone in the development of Aripuanã.

Aripuanã Outlook

Mineral exploration activities continue to identify mineralized deposits in the Aripuanã project. The results from these activities indicate there is the potential to increase the mineral resources in the Aripuanã project, supporting continued investment in mineral exploration activities in the project. In particular, the large resource base in the project indicates the potential for a long mine life of up to 24 years. Exploration has identified the potential for incremental resource expansion at Arex, Link, Ambrex and Babaçu. In order to execute this expansion, a 26,600 meter infill drill program was completed in 2017 focused on resource growth and 2,371 meters of exploration drilling was completed in surrounding areas. Geological mapping and preliminary exploration activities have helped identify additional, potentially mineralized bodies at Massaranduba, Boroca, Mocoto and Arpa. It may also be possible to selectively mine areas containing high-grade ore during the early years of the life of mine to improve capital returns. It is intended that trade-off studies will be carried out related to the mineral process in order to better identify the potential of the Aripuanã project.

Qualified Person

The technical information disclosed in this press release has been reviewed by Mr. Jason J. Cox P.Eng., an employee of RPA and independent of Karmin. Mr. Jason J. Cox P.Eng. has read and approved the contents

of this press release as it pertains to the disclosed technical information.

About Karmin

The common shares of Karmin are listed on the TSX Venture Exchange and the Lima Stock Exchange and trade in both markets under the symbol "KAR". The principal business of Karmin is to acquire, explore and develop resource properties.

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The Aripuanã Zinc-Lead-Silver Project and the land it relates to is an exploration property only. Accordingly, there are a number of important factors that could cause Karmin's actual results to differ materially from those indicated or implied by forward-looking statements and information. Such factors relating to the Aripuanã Zinc-Lead-Silver Project include, among others, the timing and content of work programs, results of the development of mineral properties, the interpretation of drilling results and other geological data, the uncertainties of resource and reserve estimates, receipt and security of mineral property titles, receipt of licenses to conduct mining activities, project cost overruns or unanticipated costs and expenses, fluctuations in metal prices and general market and industry conditions, changes in national and local government legislation, taxation, controls, policies and regulations, the security of personnel and assets, and political or economic developments in Canada and Brazil, operating or technical difficulties in connection with mining or development activities, employee relations, the speculative nature of mineral exploration and development and the risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding.

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