KARMIN
EXPLORATION INC.

Management's Discussion and Analysis

For the period ended July 31, 2017 (compared July 31, 2016)

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This Management's Discussion and Analysis ("MD&A") provides an analysis of the financial results of the Company for the first quarter ended July 31, 2017 as compared to the first quarter ended July 31, 2016 and has been prepared as of September 26, 2017. This MD&A of the Company should be read in conjunction with the condensed interim unaudited consolidated financial statements and notes thereto for the fiscal quarter ended July 31, 2017 ("Interim Statements") as well as the annual audited consolidated financial statements and notes thereto for the fiscal years ended April 30, 2017 and 2016 ("Annual Statements").

Certain information and discussion included in this MD&A constitutes forward-looking information. Readers are encouraged to refer to cautionary no less contained in the section of "Forward-Looking Statements" at the end of this MD&A.

The financial information as at July 31, 2017 and for the three-month periods ended July 31, 2017 and 2016 is unaudited, however in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 "Interim Financial Reporting", and use the same accounting policies and methods used in the preparation of the company's most recent annual consolidated financial statements. However, all disclosures required for annual financial statements have not been included in these financial statements.

The reporting currency is in Canadian dollars, unless specified as US$.

Description of Business

Karmin Exploration Inc. ("Karmin" or the "company") was incorporated in 1995 under the Business Corporation Act of Ontario to engage in mineral exploration and development of base metals and gold opportunities in Brazil, through Karmin Holdings Ltda., its wholly-owned subsidiary.

In 1999 the company was continued under the Business Corporations Act of Alberta, changed its name from Ambrex Mining Corporation (Ambrex) to Karmin Exploration Inc. (Karmin) and consolidated its common shares on the basis of one new share for every three common shares previously issued and outstanding. Karmin's common shares trade publicly on the TSX Venture Exchange and on the Bolsa de Valores de Lima under the symbol "KAR".

Karmin directly and through an agreement as described below, is in the process of exploring its mining properties and has not yet determined whether the properties contains ore reserves that are economically recoverable. The recoverability of costs incurred on exploration and development is dependent upon the discovery of economically recoverable reserves, the securing and maintenance of the interests in the properties, future production or proceeds from the disposition thereof, and the ability of the company to obtain the necessary financing to continue these operations.

Exploration for mineral properties is inherently risky and the success of these strategies is subject to numerous risks. Management cannot guarantee that its strategy will find mineral deposits, or if discovered, that these deposits will be commercially viable. The stock market in general, and the market for mineral exploration companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating results or asset values of those companies. These broad market and industry factors may seriously impact the market price and trading volumes of Karmin's shares, regardless of the actual operating performance.

While the financial statements of the company have been prepared on the basis that the company will continue as a going concern, it is uncertain that the company will be able to realize its assets and discharge its liabilities in the normal course of business. Should it be determined that the company is no longer a going concern, the financial statements will need to include material adjustments that reflect a liquidation basis of preparation.

During 2000, the company signed a contract of association with a Brazilian subsidiary of a major mining company, Anglo American PLC ("Anglo American"). The agreement required the subsidiary of the major mining company to expend US$3.25 million on exploration on or before December 31, 2003.

During 2004, the contract of association was amended to allow for a major Brazilian mining company, Votorantim Metais S/A ("Votorantim") to earn into the property and project by expending US$1.6 million on exploration on or before December 31, 2005.

Votorantim has reported to the company that they had spent the following sums on the Aripuanã project to date.

	Brazilian Real (millions)	Cdn$ (millions)
2004	3.38	1.7
2005	6.58	3.4
2006	7.73	4.3
2007	16.77	9.3
2008	21.76	15.0
2009	1.76	1.2
2010	1.24	0.8
2011	0.41	0.6
2012	3.60	2.3
2013	6.36	3.7
2014	4.17	2.1
2015	12.11	5.3
2016	13.15	5.2

In December 2011, the company created its wholly-owned subsidiary Karmin Peru S.A.C. to engage in mineral exploration and development of base metals and gold opportunities in Peru.

In February 2012, the company acquired 100% of the right, title and beneficial interest held by Alberto Aurelio Arias Davila, a Peruvian mining entrepreneur and an arm's length party, in two mining concessions forming a portion of the Cushuro Gold Project Property located in the department of La Libertad in the Republic of Peru. An option to purchase a third mining concession was exercised in January 2013.

Outlook

The company's two primary objectives for the balance of 2017 and 2018 include the following:

- review, monitor and report on the results of Karmin's Joint Venture with Votorantim Metais (70% owner and the operator of Aripuanã, Brazil project), which is currently completing a pre-feasibility study on the possible development of the Aripuanã, Brazil project and,

- to further the application and preliminary exploration of the Cushuro property, whereby Karmin owns 100% of the 25-square-kilometre Cushuro Gold Project located in the world-class Alto Chicama gold-mining district of northern Peru.

Results of Operations

Revenues and Expenses

Revenues earned by the company have been insignificant to date as the company is still in the exploration stage and does not have any producing properties. There were no revenues reported for the quarters ending July 31, 2017 and 2016.

Expenses for the quarter ending July 31, 2017 totaling $57,178 decreased as compared with total expenses of $70,067 for the previous year. This decrease is primarily the result of lower finance charges incurred during the current quarter.

The net result is that the company recorded a consolidated loss for the quarter ending July 31, 2017 of $57,178 ($0.0009 per share) as compared with a loss of $70,067 (or $0.0012 per share) for the same quarter in the previous year. The result in both periods reflects the fact that the company is incurring expenditures but not earning any revenues from operations, other than minimal interest income. This is a common result for mineral exploration companies in general and it is expected that this trend continue until the company is able to generate meaningful operating revenues.

Summary of Quarterly Results

The following table sets forth unaudited financial information prepared by management of the company.

	Three Months Ended			
	July 31/17	Apr 30/17	Jan 31/17	Oct 31/16
Earnings Information				
Expenses	$57,178	$1,174,160	$51,202	$73,120
Net loss for the period	$57,178	$1,174,160	$51,202	$73,120
Loss per share – basic and diluted	$0.0009	$0.018	$0.0008	$0.0012
Balance Sheet Information				
Total assets	15,268,061	15,269,095	$15,135,997	$15,151,707

	Three Months Ended			
	Jul 31/16	Apr 30/16	Jan 31/16	Oct 31/15
Earnings Information				
Expenses	$70,067	$428,813	$69,506	$92,966
Net loss for the period	$70,067	$428,813	$69,506	$92,966
Loss per share – basic and diluted	$0.0012	0.0072	$0.0011	$0.0015
Balance Sheet Information				
Total assets	$15,156,009	$14,974,043	$15,000,708	$14,999,640

	Three Months Ended			
	Jul 31/15	Apr 30/15	Jan 31/15	Oct 31/14
Earnings Information				
Expenses	$77,266	$377,253	$34,678	$98,928
Net loss for the period	$77,266	$377,253	$34,678	$98,928
Loss per share – basic and diluted	$0.0013	$0.006	$0.0006	$0.0016
Balance Sheet Information				
Total assets	$14,980,029	$14,918,230	$14,918,231	$14,886,190

Expense fluctuations in quarterly results are due primarily to factors such as administrative expenses, finance charges, exploration and prospecting costs and to the stock-based compensation costs.

Related party transactions

The company entered into the following related party transactions:

Management fees of $10,000 (2016 - $10,000) was incurred and payable to a company controlled by a shareholder during the first quarter ended July 31,2017.

Interest on due to a shareholder with significant influence controlled by some key personnel of $4,600 (2016 - $16,297) was incurred and payable to a shareholder during the three-month period ended July 31, 2017.

Interest on balances payable to shareholders of $1,460 (2016 - $0) was incurred and payable to shareholders during the first quarter ended July 31, 2017.

The basis used to measure the related party transactions was the exchange amount based on the negotiated value between the parties.

The company did not enter into transactions with the key management personnel during the first quarters ended July 31, 2017 and 2016.

Resource Expenditures in Brazil

Karmin is engaged in the discovery, exploration and development of mining properties for mineral resource deposits in Brazil. The company has not yet determined whether its property contains reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable reserves, the ability of the company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

Management reviews the carrying values of the mining property on a regular basis to determine whether any write-downs are necessary. These costs will be amortized over the estimated useful life of the mining property following commencement of production or written off if the mining property or projects are sold or allowed to lapse. General exploration expenditures not related to the mining property are expensed as incurred.

Under the terms of the joint venture, Karmin's 30% interest in the property is carried by and paid for by a Brazilian subsidiary of Anglo American PLC. Accordingly, Karmin incurred no expenditures on the addition of mining properties during the year ended April 30, 2017 and no additional expenditures during the first quarter ended July 31, 2017.

The company's property is in the exploration stage and there can be no assurance that any of them will reach the stage of production.

Exploration

The company has a property in Brazil at Aripuanã in the state of Mato Grosso, Brazil. Exploration for the years ended April 30, 2017 and 2016, on the mining property was carried out by the company's joint venture partner on the Aripuanã property. Karmin holds a 30% free carried interest until the completion of a bankable feasibility study for the un-weathered, sulphide portion of the deposit, and holds 100% of the overlying oxide portion. The project operator, Votorantim, has reported that it has commenced a pre-feasibility study on the sulphide part of the property.

Karmin's 100% owned oxide resources

The oxide portion did not receive any exploration expenditures in 2017. In 2004, a report written by the then operator, Anglo American, outlined a non-compliant mineral resource of gold mineralization. Karmin is considering carrying out further work in the future on the oxide portion of the deposit. Since it is located between 0 and 50 metres from surface, it is easily accessible. Past exploration suggests that gold and possibly silver have been concentrated in this weathered layer, while base metals have been depleted. This would lead to potentially a different extraction method if a processing facility were to be located at Aripuanã. Karmin is planning to more clearly define any gold/silver bearing oxide resource once Votorantim, the sulphide operator, issues the results to the company of an advanced study outlining eventual sulphide production, and the company will plan a phased program of exploration on the oxides based on the relevant elements of the advanced study. This would allow any development of oxide ores to take advantage of an infrastructure developed for the sulphide processing facilities.

Karmin's 30% owned sulphide resources at Aripuanã

Votorantim is the operator for the underlying sulphides where potentially significant resources have been discovered below the oxidized layer. The main deposits within the project area are at Ambrex and Arex.

Sulphide Project Summary

RPA has prepared a technical report (the "Report"), dated March 1, 2017, in accordance with Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") detailing the estimate of mineral resources. The Report was prepared by RPA Inc. ("RPA") and summarizes the results of significantly increased grades of zinc, lead and silver including 18.6 million tonnes of measured and indicated mineral resources (zinc grade +31%, lead grade +40%, silver grade +39%) plus 15.5 million tonnes of inferred mineral resources (zinc grade +12%, lead grade +20%, silver grade +30%). The increases in grades are compared to those reported in Karmin's press release dated February 21, 2013. The updated mineral resources were estimated by Votorantim Metais ("Votorantim") and reviewed by RPA.

The summary of the resource estimate is outlined in Table 1 and includes resources from the Arex, Ambrex and Link deposits. The stratabound (zinc rich) and the stringer (copper rich) mineralization occur in well defined zones that will allow for selective mining methods. The detailed estimate of resources is shown in Tables 3 and 4.

TABLE 1 SUMMARY OF MINERAL RESOURCES – ARIPUANÃ

October 20, 2016

		Grade					**Contained Metal**				
	Tonnage Mt	**Zn %**	**Pb %**	**Cu %**	**Au g/t**	**Ag g/t**	**Zn M lb**	**Pb M lb**	**Cu M lb**	**Au Oz**	**Ag K Oz**
Measured											
Stratabound (zinc rich)	7.2	6.4	2.4	0.3	0.3	64	1,025	382	40	58,000	14,854
Stringer (copper rich)	1.8	0.3	0.1	1.9	1.4	19	11	5	76	83,000	1,111
Indicated											
Stratabound (zinc rich)	8.7	5.4	2.1	0.1	0.3	48	1,043	402	19	71,000	13,431
Stringer (copper rich)	0.8	0.1	0.1	1.3	1.5	15	3	1	23	40,000	376
Measured & Indicated											
Stratabound (zinc rich)	**15.9**	**5.9**	**2.2**	**0.2**	**0.3**	**55**	**2,068**	**784**	**59**	**129,000**	**28,286**
Stringer (copper rich)	**2.6**	**0.2**	**0.1**	**1.7**	**1.5**	**18**	**13**	**6**	**98**	**123,000**	**1,487**
Inferred											
Stratabound (zinc rich)	**11.3**	**7.4**	**2.8**	**0.1**	**0.4**	**66**	**1,844**	**692**	**24**	**137,000**	**23,763**
Stringer (copper rich)	**4.3**	**0.1**	**0.1**	**1.0**	**3.4**	**11**	**5**	**7**	**96**	**470,000**	**1,496**

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported using a US$48/t NSR cut-off grade.
3. The NSR is calculated based on US$1.12 per lb Zn, US$0.84 per lb Pb, US$2.93 per lb Cu, US$1,233 per ounce Au, and US$18.50 per ounce Ag.
4. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
5. Numbers may not add due to rounding.

Aripuanã's measured and indicated mineral resources total 18.6 million tonnes containing:

- 2.1 billion pounds of zinc
- 790 million pounds of lead
- 157 million pounds of copper
- 252,000 ounces of gold and
- 29,773,000 ounces of silver.

Additionally, Aripuanã's inferred mineral resources total 15.5 million tonnes containing;

- 1.8 billion pounds of zinc
- 699 million pounds of lead
- 120 million pounds of copper
- 607,000 ounces of gold and
- 25,259,000 ounces of silver.

Votorantim has informed Karmin that the evaluation of Aripuanã will continue throughout 2017 and that there are currently seven drill rigs working on the property. The deposit remains open along strike and at depth.

RPA has prepared the Report, dated March 1, 2017, in accordance with Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") detailing the estimate of mineral resources. The mineral resource estimate incorporates an additional 109 drill holes totaling 40,687 metres which have been drilled since the previous NI 43-101 technical report in respect of Aripuanã dated January 29, 2013 (the "2013 Report"). A total of 592 drill holes totalling 172,470 metres have been utilized to estimate the updated mineral resources at Aripuanã.

The principal mineral deposits at Aripuanã are Arex, Ambrex and the Link Zone which host zones of higher grade mineralization and potentially provide significantly enriched mill feed early in the mining sequence, if the deposits are developed. Additionally, the Arex deposit outcrops at surface and thus can be more easily accessed by a decline in the early stages of potential mine development, reducing the development time and costs. The larger Ambrex deposit will likely provide the majority of the mill feed for any potential mining operation.

Karmin has a 30% carried interest in Aripuanã and is not required to contribute to the project costs until one year after the completion of a feasibility study.

Increased grade of the Stratabound resources at Ambrex

The drill programs during the past four years have facilitated a more detailed interpretation of Aripuanã's mineralized zones and have resulted in an increase to the extent of known mineralization. The mineral resource estimate, however, uses a higher cut-off grade than was incorporated into the 2013 Report resulting in a decrease to the tonnage of the resources outlined in the important Ambrex deposit but a very significant increase in the grades of virtually all minerals and especially zinc (+65%), lead (+76%) and silver (+74%) in the measured and indicated category of Ambrex' resources (Table 2).

Consequently the contained metal in Aripuanã's current resources are significantly greater than those estimated in the 2013 Report.

TABLE 2 INCREASED GRADE OF STRATABOUND MINERAL RESOURCES – AMBREX

October 20, 2016

	Tonnage Mt	Grade Zn %	Grade Pb %	Grade Cu %	Grade Au g/t	Grade Ag g/t	Contained Metal Zn M lb	Contained Metal Pb M lb	Contained Metal Cu M lb	Contained Metal Au Oz	Contained Metal Ag K Oz
Measured											
Stratabound (zinc rich)	4.0	6.1	2.3	0.1	0.2	55	539	206	6	28,000	7,148
Indicated											
Stratabound (zinc rich)	8.2	5.4	2.1	0.1	0.3	48	970	378	14	66,000	12,670
Measured & Indicated											
Stratabound (zinc rich)	12.2	5.6	2.2	0.1	0.2	50	1,509	584	20	93,000	19,817
M&I Increase vs. 2012	**-14%**	**65%**	**76%**	**8%**	**32%**	**74%**	**42%**	**51%**	**-12%**	**14%**	**48%**
Inferred											
Stratabound (zinc rich)	9.8	7.7	2.9	0.1	0.4	70	1,665	623	17	116,000	21,965
Inf. Increase vs. 2012	**-11%**	**48%**	**60%**	**-19%**	**23%**	**70%**	**31%**	**43%**	**-17%**	**22%**	**52%**

September 12, 2012

	Tonnage Mt	Grade Zn %	Grade Pb %	Grade Cu %	Grade Au g/t	Grade Ag g/t	Contained Metal Zn M lb	Contained Metal Pb M lb	Contained Metal Cu M lb	Contained Metal Au Oz	Contained Metal Ag K Oz
Measured											
Stratabound (zinc rich)	-	-	-	-	-	-	-	-	-	-	-
Indicated											
Stratabound (zinc rich)	14.2	3.4	1.2	0.1	0.2	29	1,062	386	23	82,000	13,389
Measured & Indicated											
Stratabound (zinc rich)	14.2	3.4	1.2	0.1	0.2	29	1,062	386	23	82,000	13,389
Inferred											
Stratabound (zinc rich)	11.0	5.2	1.8	0.1	0.3	41	1,268	435	21	95,000	14,468

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
3. Numbers may not add due to rounding.

Arex Mineral Resources

The near surface Arex deposit strikes at approximately 110° azimuth, extending over a strike length of 1,400 metres. Upper portions of the deposit tend to be near-vertical but lower portions dip at 60° to the northeast. Mineralization thicknesses average 30 metres reaching to a maximum of 60 metres. The detailed estimate of the mineral resources at Arex is outlined in Table 3.

As the Arex deposit outcrops at surface it would likely be developed early in any mining scenario.

TABLE 3 SUMMARY OF MINERAL RESOURCES – AREX
October 20, 2016

		Grade					**Contained Metal**				
	Tonnage Mt	**Zn %**	**Pb %**	**Cu %**	**Au g/t**	**Ag g/t**	**Zn M lb**	**Pb M lb**	**Cu M lb**	**Au Oz**	**Ag K Oz**
Measured											
Stratabound (zinc rich)	3.2	6.9	2.5	0.5	0.3	75	485	176	34	30,000	7,705
Stringer (copper rich)	1.8	0.3	0.1	1.9	1.4	19	11	5	76	83,000	1,111
Indicated											
Stratabound (zinc rich)	0.5	6.6	2.1	0.4	0.3	47	73	23	4	5,000	760
Stringer (copper rich)	0.8	0.1	0.1	1.3	1.5	15	3	1	23	40,000	376
Measured & Indicated											
Stratabound (zinc rich)	**3.7**	**6.8**	**2.4**	**0.5**	**0.3**	**71**	**559**	**200**	**38**	**36,000**	**8,466**
Stringer (copper rich)	**2.6**	**0.2**	**0.1**	**1.7**	**1.5**	**18**	**13**	**6**	**98**	**123,000**	**1,487**
Inferred											
Stratabound (zinc rich)	**1.4**	**5.6**	**2.2**	0.2	0.4	**39**	**179**	**69**	7	20,000	**1,798**
Stringer (copper rich)	1.2	0.0	0.1	0.7	3.6	9	1	2	17	139,000	361

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported using a US$48/t NSR cut-off grade.
3. The NSR is calculated based on US$1.12 per lb Zn, US$0.84 per lb Pb, US$2.93 per lb Cu, US$1,233 per ounce Au, and US$18.50 per ounce Ag.
4. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
5. Numbers may not add due to rounding.

The estimated measured and indicated mineral resources in the Arex deposit (Table 3) are;

- stratabound zone; 3.7 million tonnes grading 6.8% zinc, 2.4% lead, 71 grams per tonne silver and minor copper and gold values,
- stringer zone; 2.6 million tonnes grading 1.7% copper, 1.5 grams per tonne gold, 18 grams per tonne silver and minor zinc and lead values.

Additionally, the estimate of inferred mineral resources in the Arex deposit is;

- stratabound zone; 1.4 million tonnes grading 5.6% zinc, 2.2% lead, 39 grams per tonne silver and minor copper and gold values,
- stringer zone; 1.2 million tonnes grading 0.7% copper, 3.6 grams per tonne gold, 9 grams per tonne silver and minor zinc and lead values.

The Arex measured and indicated mineral resources total 6.3 million tonnes and contain;

- 572 million pounds of zinc
- 206 million pounds of lead
- 136 million pounds of copper
- 159,000 ounces of gold and
- 9,952,000 ounces of silver.

The Arex inferred mineral resources total 2.6 million tonnes and contain;

- 180 million pounds of zinc
- 72 million pounds of lead
- 24 million pounds of copper
- 159,000 ounces of gold and
- 2,159,000 ounces of silver.

Ambrex Mineral Resources (including the Link Zone)

Ambrex represents the largest of the known mineralized zones at Aripuanã. Ambrex is located 600 metres southeast of Arex, strikes at approximately 125° azimuth along a 1,300 metre strike length. The dip varies from near vertical to 70° to the northeast. Mineralization thicknesses typically range between 10 metres and 60 metres. Drilling to date indicates that Ambrex has an upper depth of 60 metres below surface and mineralization known to a lower level of approximately 700 metres with the deposit still open at depth.

The Ambrex resources include the newly defined Link Zone which is located in between and along strike of Ambrex and Arex over a strike length of approximately 850 m. There is an approximate 250 m overlap to the northwest with Arex. The mineralization bears a closer similarity to Ambrex in that the stringer zone occurs at a high angle to the stratabound zone. The stratabound mineralization comes close to surface and extends to a depth of 500 m below surface while the stringer zone mineralization occurs around 200 m below surface and extends to a depth of approximately 400 m below surface.

The Link Zone's stratabound mineralization lenses ranges between one metre and 30 m in thickness with an average of approximately nine metres while the stringer zone ranges between one metre and 20 m with an average of approximately five metres true thickness.

The estimate of the mineral resources at Ambrex, including the Link Zone, is outlined in Table 4. Again, as at Arex, it should be noted that the stratabound zone carries relatively higher zinc, lead and silver grades while the stringer zone contains relatively higher copper and gold grades.

TABLE 4 SUMMARY OF MINERAL RESOURCES – AMBREX (including the Link zone)
October 20, 2016

		Grade					**Contained Metal**				
	Tonnage Mt	**Zn %**	**Pb %**	**Cu %**	**Au g/t**	**Ag g/t**	**Zn M lb**	**Pb M lb**	**Cu M lb**	**Au Oz**	**Ag K Oz**
Measured											
Stratabound (zinc rich)	4.0	6.1	2.3	0.1	0.2	55	539	206	6	28,000	7,148
Stringer (copper rich)	-	-	-	-	-	-	-	-	-	-	-
Indicated											
Stratabound (zinc rich)	8.2	5.4	2.1	0.1	0.3	48	970	378	14	66,000	12,670
Stringer (copper rich)	-	-	-	-	-	-	-	-	-	-	-
Measured & Indicated											
Stratabound (zinc rich)	**12.2**	**5.6**	**2.2**	**0.1**	**0.2**	**50**	**1,509**	**584**	**20**	**93,000**	**19,817**
Stringer (copper rich)	-	-	-	-	-	-	-	-	-	-	-
Inferred											
Stratabound (zinc rich)	**9.8**	**7.7**	**2.9**	0.1	0.4	**70**	**1,665**	**623**	17	116,000	**21,967**
Stringer (copper rich)	3.1	0.1	0.1	**1.2**	**3.3**	11	4	5	**79**	**332,000**	1,135

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported using a US$48/t NSR cut-off grade.
3. The NSR is calculated based on US$1.12 per lb Zn, US$0.84 per lb Pb, US$2.93 per lb Cu, US$1,233 per ounce Au, and US$18.50 per ounce Ag.
4. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

5. Numbers may not add due to rounding.

The measured and indicated mineral resources in the relatively large Ambrex deposit (Table 4) and the along strike Link Zone are estimated as;

- stratabound zone; 12.2 million tonnes grading 5.6% zinc, 2.2% lead, 50 grams per tonne silver and minor copper and gold values.

Additionally, the estimated inferred mineral resources in the Ambrex and Link Zone deposit are;

- stratabound zone; 9.8 million tonnes grading 7.7% zinc, 2.9% lead, 70 grams per tonne silver and minor copper and gold values.
- stringer zone; 3.1 million tonnes grading 1.2% copper, 3.3 grams per tonne gold, 11 grams per tonne silver and minor zinc and lead values.

The Ambrex and Link Zone measured and indicated mineral resources total 12.2 million tonnes and contain;

- 1.5 billion pounds of zinc
- 584 million pounds of lead
- 20 million pounds of copper
- 93,000 ounces of gold and
- 19,820,000 ounces of silver.

The Ambrex and Link Zone inferred mineral resources total 12.9 million tonnes and contain;

- 1.7 billion pounds of zinc
- 628 million pounds of lead
- 96 million pounds of copper
- 448,000 ounces of gold and
- 23,099,000 ounces of silver.

Drilling and Modelling Details

The estimated mineral resources in the Report at Aripuanã include 307 drill holes totalling 58,089 metres at Arex and 225 drill holes totalling 89,375 metres at Ambrex and Link Zone. Drill sections were spaced between 25 metres to 100 metres apart along strike with intercepts on each section spaced 12.5 metres to 50 metres apart down dip. Wireframe solids have been developed in Leapfrog Geo using vein system modeling at a nominal 0.6% Zn cut-off grade in the stratabound type mineralization and 0.5% Cu in the stringer type mineralization. A block model was prepared using block sizes measuring 10 metres by 5 metres by 5 metres, sub-blocked at wireframe boundaries. Grade and density was estimated using ordinary kriging and were validated by both Votorantim and RPA using industry standard validation techniques including visual validation, mean comparisons and swath plots.

Babaçú

The Babaçú deposit lies about 500 metres southeast of Ambrex with a strike length of 600 metres while dipping steeply to the northeast. In the 2013 Report, RPA reviewed 42 drill holes totalling 19,338 metres and estimates that the potential tonnage and grade of mineralization at the Babaçú prospect could be three to six million tonnes grading from 3.0% zinc to 5.0% zinc, 1.0% lead to 2.5% lead, 0.2% copper to 0.5% copper, 0.15 grams per tonne gold to 0.4 grams per tonne gold and 10 grams per tonne silver to 30 grams per tonne silver (Karmin press release February 21, 2013). The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Exploration Potential

In addition to Babaçú, the Aripuanã has significant exploration potential as the deepest hole on the property, FPAR 159 (co-ordinates with datum SAD69 are 8887383.96N, 227007.1E drilled at an azimuth of 212.15 degrees at a dip of -62.45 degrees) was drilled into the deepest zones of the Ambrex Deposit and intersected mineralization from 635.4 metres to 646.7 metres grading 36.5% zinc, 13.5% lead, 0.1% copper, 1.1 grams per tonne gold and 242.7 grams per tonne silver (Karmin press release dated September 13, 2012). The deepest intersection in hole FPAR 159 was recorded from 814.1 metres to 821.6 metres and graded 8.8% zinc, 1.8% lead, nil copper, 0.3 grams per tonne gold and 85.1 grams per tonne silver and these results are included in the current estimate of mineral resources. The deposit remains open to depth.

Aripuanã also hosts additional massive sulphide zones along a 25 kilometre strike length which require additional exploration and have not been included in the current estimate of mineral resources.

Closing of Acquisition of Mining Concessions in Peru

On February 15, 2012 the company acquired 100% of the right, title and beneficial interest held by Alberto Aurelio Arias Davila (the "Vendor"), a Peruvian mining entrepreneur and an arm's length party, in two mining concessions (the "Purchased Mining Concessions") forming a portion of the Cushuro Gold Project Property located in the department of La Libertad in the Republic of Peru (the "Acquisition"). The Acquisition closed following receipt of final approval from the TSX Venture Exchange (the "Exchange") of the Cushuro Acquisition (as defined below), further to its original announcement dated November 22, 2011.

In addition to the Acquisition, Karmin also announced that it has entered into a separate lease agreement (the "Lease") an additional mining concession from the Vendor (the "Option Mining Concession", and together with the Purchased Mining Concessions, the "Cushuro Mining Concessions"), also forming a portion of the Cushuro Gold Property Project, providing Karmin with access to the Option Mining Concession during the Option Term (as defined below).

Pursuant to an option agreement (the "Option Agreement") with the Vendor, on January 18, 2013, Karmin exercised an irrevocable and exclusive option (the "Option") to purchase from the Vendor 100% (and not less than 100%) of the right, title and beneficial interest in the Option Mining Concession (the "Option Acquisition", and together with the Acquisition, the "Cushuro Acquisition").

In connection with the closing of the Acquisition and the entering into of the Lease, and exercising of the Option, Karmin issued an aggregate of 15,000,000 common shares of Karmin to the Vendor, representing approximately 24.98% of the total issued and outstanding common shares of Karmin, which resulted in the Vendor becoming a Control Person (as defined in the policies of the Exchange).

The closing price of the common shares of Karmin on November 21, 2011, the trading day immediately preceding the execution of the Purchase Agreement and the Option Agreement, was $0.69 per common share (the "Share Price"), resulting in the total value of the consideration paid in connection with the Acquisition to $10,246,500. Based on the Share Price, the total value of the consideration paid in connection with the Lease was $10,350. The closing price of the common shares of Karmin on January 18, 2013, the date the Option was exercised, was $0.2282 per common share, resulting in the total value of the consideration to be paid in connection with the Option to be $30,807. The aggregate consideration paid by Karmin to the Vendor in connection with the Cushuro Acquisition will be $10,287,657.

The Cushuro Mining Concessions are located in the Huamachuco Gold-Mining District in the sierras of north-western Peru. The concessions include a gold-mineralized zone (the "Zona Cushuro") that is similar to other operating mines in the district, including Lagunas Norte, La Virgen, La Arena, El Toro and Santa Rosa. The concessions cover a 25 square kilometre area, span an elevation range of 3,900 to 4,200 meters, and can be reached in four to five hours via well-maintained roads from the coastal city of Trujillo. The area is crossed by a power transmission line. Please see the news release of Karmin dated November 22, 2011 for more information about the Cushuro Mining Concessions. In compliance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects and the policies of the Exchange, Karmin also filed a technical report in respect of the Cushuro Mining Concessions.

In accordance with the policies of the Exchange, trading in the common shares of Karmin was halted on November 22, 2011 pending receipt and review by the Exchange of documentation relating to the Cushuro Acquisition. The halt on the trading in the common shares of Karmin was lifted and trading in the common shares resumed on February 13, 2012.

Designated Director

Pursuant to the Purchase Agreement, Karmin granted the Vendor the right to designate an individual (the "Designated Director") to be included among the nominees to act as directors of Karmin at the next meeting of shareholders of Karmin at which the Board was to be elected. Such meeting was held in January, 2012 and Dr. Luis Rodriguez-Mariategui Canny, the Designated Director, was elected by the shareholders of Karmin at the meeting, such appointment being conditional on the approval of the Exchange and on the closing of the Acquisition. The Exchange had approved Dr. Rodriguez-Mariategui Canny's appointment as director upon the closing of the Acquisition, which occurred February 15, 2012.

Mining Property

Property	Capitalized Expenditures During Current Year	Total Costs Capitalized at April 30, 2017	Type	% Owned
Brazil:				
Aripuanã	-	$1,219,427	Zinc/Gold	30%
Peru:				
Cushuro	$75,534	$13,806,880	Gold	100%

Liquidity and Capital Resources

Working Capital

Karmin had a net working capital deficiency (current assets less current liabilities) of $928,517 at the first quarter ending July 31, 2017 (compared to a net working capital deficiency of $880,394 at the quarter ending July 31, 2016) consisting primarily of cash and receivables less accounts payable and accrued liabilities. The changes are directly attributable to the higher cash balance.

The company finances its operations and investments primarily through the issuance of share capital and advances from shareholders. There can be no assurance that additional funds will be available at any given time in the future.

Operating Activities

Cash flows used in operating activities during the first quarter ending July 31, 2017 were $59,466 compared to cash flows used of $22,729 for the same quarter in the prior year.

Financing Activities

Cash flows from financing activities for the quarter ending July 31, 2017 were $64,000. This consisted of an increase in share capital of $14,000 and an increase in the amount due to shareholders of $50,000. Cash flows from financing activities for the same quarter of the previous year were $207,930, consisting of an increase to amounts due to a shareholder with significant influence.

Investing Activities

Cash flows used in investing activities during the quarter ending July 31, 2017 amounted to $75,534 (compared to $96,870 for the previous year), consisting of costs relating to mining properties.

Balance Sheet

Assets

The company had consolidated assets totaling $15,268,061 at the first quarter ending July 31, 2017 as compared to $15,269,095 at the prior year ending April 30, 2017.

The majority of the assets of the company of $15,101,842 were capitalized in Mining Property as non-current assets (as compared to $15,026,307 at the prior year ending April 30, 2017).

The property is listed above by name, cost, type and location.

Due to Shareholders

The company's long-term liabilities include amounts due to a shareholder with significant influence of $395,682 at the quarter ending July 31, 2017. This includes a balance payable to a shareholder of significant influence of $265,292 (a principal amount of $250,000 plus accrued interest of $15,292), bearing interest at 7% and payable on September 20, 2018. This also includes a balance due to shareholders of $130,390 (a principal amount of $128,930 plus accrued interest of $1,460), bearing interest at 7% and payable on May 1, 2018. Long term liabilities at the prior year ending April 30, 2017 included amounts due to a shareholder of significant influence of $260,692 (principal amount of $250,000 plus accrued interest $10,692).

Capitalization

The company has 76,677,283 common shares outstanding at the first quarter ending July 31, 2017, compared to 76,607,283 for the most recent year ending April 30, 2017.

On September 22, 2011, the company announced that a non-brokered Private Placement (involving certain new members of the board of directors of the company) with an aggregate of 637,500 common shares in the capital were issued at a price of $0.40 per Common Share for gross proceeds of $255,000.

On February 15, 2012, the company acquired the Cushuro Gold Project Property located in the Republic of Peru and also entered into a separate lease agreement for an additional mining concession from the Vendor. In connection with this acquisition and lease, 14,865,000 common shares were issued as consideration to the Vendor, representing approximately 27.55% of the total issued and outstanding common shares of Karmin, which resulted in the Vendor obtaining significant influence over the company. The closing price of the common shares on the trading day immediately preceding the execution of the agreements was $0.69 per common share resulting in the total value of the consideration paid in connection with the acquisition to $10,246,500. Based on the share price, the total value of the consideration paid in connection with the lease was $10,350,000.

On February 16, 2012 the company announced that it has entered into an agreement with KALLPA Securities Sociedad Agente de Bolsa S.A. ("Kallpa"), to be retained to sponsor the listing of common shares of Karmin on the Lima Stock Exchange (the "BVL"). On April 5, 2012, 5,959,992 common shares were issued for net proceeds of $3,910,891.

On January 18, 2013, Karmin exercised an irrevocable and exclusive option (the "Option") to purchase from the Vendor 100% (and not less than 100%) of the right, title and beneficial interest in the Option Mining Concession (the "Option Acquisition", and together with the Acquisition, the "Cushuro Acquisition"). In connection with this Option being exercised, 135,000 common shares were issued as consideration to the Vendor. The closing price of the common shares on the date the Option was exercised was $0.2282 per common share, resulting in the total value of the consideration to be paid in connection with the Option to be $30,807. The aggregate consideration paid by Karmin to the Vendor in connection with the Cushuro Acquisition will be $10,287,657. Kallpa is a Peruvian investment company specializing in equity sales, research and corporate finance, and is the leading sponsor for junior mining companies in Peru. As of today, Kallpa sponsors 9 of the 15 junior mining companies listed on the Venture Exchange of the BVL. Kallpa commenced operations in 2008 and now ranks 7th by volume traded among 25 Peruvian brokers with a 4% market share in the Peruvian market. As Karmin's sponsor, Kallpa will support the marketing process of Karmin's common shares in Peru, Chile and Colombia while providing all services required by the BVL and any other local regulatory authorities. Kallpa will also prepare research reports and marketing documents for Karmin as well as organize meetings with the principal institutional and retail participants in the Peruvian, Chilean and Colombian capital markets.

On December 7, 2014, a director exercised options and the company issued 300,000 common shares valued at $99,900.
On December 17, 2015, 300,000 common shares valued at $0.25 per share were issued to directors of the company.
In December 2016, 442,857 common shares valued at $0.28 per share were issued to directors of the company.
In January 2017, 300,000 common shares valued at $0.30 per share were issued to directors of the company.

On February 13, 2017, the Company announced a non-brokered private placement financing of 15,200,000 units of Karmin for aggregate gross proceeds of $3,800,000. Each unit was sold at a price of $0.25 and consists of one Karmin common share and onhalf of one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.35 per common share for a period of three years from closing.

In March 2017, a director of the company exercised options for 13,343 common shares valued at $0.20 per share.

In June 2017, a director of the company exercised options for 70,000 common shares valued at $0.20 per share.

Warrants

On February 13, 2017, the company issued 7,600,000 warrants, as part of the non-brokered private placement financing of 15,200,000 units of Karmin for aggregate gross proceeds of $3,800,000. Each warrant is exercisable to acquire one common share at a price of $0.35 per common share for a period of three years from closing.

Stock Options

The company has 4,881,657 stock options outstanding at a weighted average exercise price of $0.24 at the quarter ended July 31, 2017.

On September 9, 2016 and February 15, 2017, 2,535,000 and 200,000 options expired respectively. On March 22, 2017, a director exercised options at $0.20/share for 13,343 common shares. On January 10, 2017, 4,200,000 incentive stock options were granted to directors and consultants of the company at an exercise price of $0.25, expiring in 5 years, which were fully vested at granting. On June 5, 2017, a director exercised options at $0.20 per share for 70,000 common shares.

In December 2014, a director of the company exercised 300,000 stock options at an exercise price of $0.20 per share. The fair value of the stock options exercised was $39,900.

On February 5, 2014, directors of the company were granted 765,000 stock options at an exercise price of $0.20 per share for a period of five years. The stock options vested immediately.

In September 2011, 2,535,000 options were granted to new members of the Board of Directors at exercise price of $0.40 per share for 5 years and 2,550,000 were cancelled.

On February 15, 2012, in connection with the appointment of a new director (Dr. Rodriguez-Mariategui Canny of Peru), the board of directors of Karmin granted 200,000 stock options at an exercise price of $0.59 per common share for a period of 5 years.

The company uses the Black & Scholes option valuation method.

New accounting Standards and Pronouncements

New accounting standards and interpretations adopted during the year

The company has not yet adopted certain standards and amendments which have been issued but have an effective date of later than July 31, 2017.

New accounting standards issued but not yet in effect

The IASB issued the following standards which are relevant but have not yet been adopted by the company: IAS 7, *"Statement of cash flow",* IFRS 9, "*Financial Instruments*", IFRS 15, "*Revenue from Contracts with Customers*", IFRS 16, *"Leases"* and IFRIC 22, *"Foreign currency translation and advance consideration".* The company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the requirements.

The following is a brief summary of the new standards:

IAS 7, *Statement of cash flow*
In January 2016, the IASB issued amendments to IAS 7. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financial activities. They are effective for annual periods beginning on or after January 1, 2017, with early application being permitted. As a result of these amendments, the company will be required to provide additional disclosure related to financial activities, including a reconciliation between the beginning and closing balances of financial liabilities arising from financial activities. The company has not yet assessed the impact that the new standard will have on its consolidated financial statements or whether or not to early adopt the new standard.

IFRS 9, *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9, *"Financial Instruments"*, and will replace IAS 39, *"Financial Instruments: Recognition and Measurement"*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements relating to hedge accounting representing a new hedge accounting model

have also been added to IFRS 9. The new standard is effective for annual periods beginning on or after January 1, 2018, and must be applied retrospectively. The Company has not yet assessed the impact that the new standard will have on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*
In May 2014, the IASB issued IFRS 15 "*Revenue from Contracts with Customers*". The objective of this new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability. This new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This new standard is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The company has not yet assessed the impact that the new standard will have on its consolidated financial statements or whether or not to early adopt the new standard.

IFRS 16, *Leases*
In January 2016, the IASB issued IFRS 16 *"Leases"*. Whereas, under the previous guidance in IAS 17, 'Leases', a lessee had to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet), the new model requires the lessee to recognize almost all lease contracts on the balance sheet; the only optional exemptions are for certain short-term leases and leases of low-value assets. This new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted. The company has not yet assessed the impact that the new standard will have on its consolidated financial statements or whether or not to early adopt the new standard.

IFRIC 22, *Foreign currency translation and advance consideration*
In December 2016, the IASB issued IFRIC 22, which that addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency; the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary. The Interpretations Committee came to the conclusion that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. IFRIC 22 is effective for annual reporting periods beginning on or after January 1, 2018, and earlier application is permitted. The company has not yet assessed the impact that the new standard will have on its consolidated financial statements or whether or not to early adopt the new standard.

Risk and Uncertainties

The mining industry is competitive and, in addition, the company is exposed to other risks including the following:

- Exploration risks that commercially viable minerals be discovered;
- Commodity risks of mineral prices in the world;
- Financing risks of future capital generation that may be required; and,
- Political and currency risks of the company doing business outside of Canada and in Brazil and in Peru.

Mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. The company's property has no known body of commercial ore. Other risks facing the company include: political stability in Brazil and Peru; changes in legislation in Brazil and Peru that could affect exploration and mining rights as well as taxation and royalties; fluctuations in mineral prices; ability to attract and retain qualified personnel; availability of additional capital; costs and availability of materials and services relevant to the mining industry; title risks; and integrity of exploration results.

Contractual Obligations

The company has no contractual obligations or off-balance sheet arrangements as at July 31, 2017 and 2016.

Contingency

The company has no contingent liabilities outstanding as at July 31, 2017 and 2016.

Management's Responsibility for Financial Statements

The information in this financial report is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with the accounting policies set out in notes to the consolidated financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that reasonable care and judgment are applied in making such estimates and assumptions.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly, principally by submission of the financial statements, before and after their consolidation, to the Board of Directors for approval.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through ongoing discussion with management.

The company's external auditors, PricewaterhouseCoopers LLP, have audited the financial statements for the year ended April 30, 2017 and have expressed an opinion thereon. There is no opinion expressed by the auditors on the condensed interim consolidated financial statements for the fiscal quarter ended July 31, 2017.

Forward-Looking Statements

Certain statements contained or incorporated in this management analysis and discussion of financial condition and results of operations constitute forward-looking statements. Such forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in our forward-looking statements. Shareholders and prospective investors should not place undue reliance on forward-looking information and should bear in mind the risks and uncertainties outlined above under "Risks and Uncertainties".

Additional Information

Additional information relating to Karmin can be found elsewhere in the Annual Financial Statements, the Condensed Interim Statements and other public filings, all of which are available for viewing on SEDAR at www.sedar.com.

September 26, 2017

(Signed) David Brace

David Brace
Chief Executive Officer

(Signed) John A. Iannozzi

John A. Iannozzi, CA
Chief Financial Officer