

# Karmin Engages Financial Advisor to Review Strategic Alternatives

TORONTO--(BUSINESS WIRE)--April 5, 2018--Karmin Exploration Inc.:

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Karmin Exploration Inc. ("Karmin" or the "Company") (TSXV and the Lima Stock Exchange: KAR) is pleased to announce the Company is undertaking a review of strategic alternatives with respect to its 30% carried interest in the Aripuanã Zinc Lead Copper Silver Project ("Aripuanã" or the "Project"). The range of strategic alternatives under consideration will include financing alternatives for its participation in the development of Aripuanã or such other value enhancing alternatives as a corporate sale or the sale of all or a material portion of Karmin's assets. In connection with its strategic review the Company has engaged **CIBC World Markets Inc. ("CIBC")** to act as its exclusive financial advisor.

**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 and notification from Nexa Resources S.A. ("Nexa") that the development of Aripuanã will proceed. SNC Lavalin has been contracted to develop a feasibility study, which is expected to be completed in the second half of 2018. Nexa directly and indirectly owns approximately 70% of Aripuanã.

### Recent progress at Aripuanã includes;

- **2017 expenditures** by Nexa totalling **US\$12.2 million** with;
  - US\$5.7 million spent on approximately 26,600 metres of infill drilling plus 2,371 metres of exploration drilling in surrounding areas and
  - US\$6.5 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.
- **Additional engineering work has been completed by Worley Parsons** and other engineering firms supporting the capital cost estimate and optimizing the mine plan presented in the Preliminary Economic Evaluation ("**PEA**") dated July 31, 2017 all as further outlined in Karmin's press release dated September 28, 2017. The PEA detailed the development of a **5,000 tonne per day mining operation with a mine life of 24 years** based, in part, on inferred resources producing approximately;
  - **2.3 billion lbs. payable zinc**
  - **1.0 billion lbs. payable lead**
  - **223,000,000 lbs. payable copper**
  - **23,600,000 oz. payable silver and**
  - **529,000 oz. payable gold.**
- **Estimated 2018 expenditures** to advance Aripuanã total **US\$25.5 million** and include;
  - Exploration; US\$5.5 million and
  - Capital expenditures; US\$20 million.

### Aripuanã

Aripuanã 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 the Project is US\$354.3 million. It is currently estimated that Aripuanã, 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 ore mining and processing capacity. The environmental impact study for the Project has been submitted to the SEMA/MT and is expected to be in its approval phase by the second quarter of 2018.

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.

### Outlook

Mineral exploration activities continue to identify mineralized deposits in Aripuanã. The results from these activities indicate there is the potential to increase the mineral resources in the Project, supporting continued investment in mineral exploration activities in Aripuanã. 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.

## **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.

### **Disclaimer Relating to Forward-Looking Information**

This news release contains forward-looking statements that are based on the belief of management and reflect Karmin's current expectations. Forward-looking statements include, but are not limited to, possible events and statements. The words "potential," "possible," "expects," "plans," "scheduled," "estimates," "anticipates" or "believes," or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might," or "will" be taken or occur, and similar expressions identify forward-looking statements. The forward-looking statements and information in this press release include, but are not limited to the mineral resource estimates, results of development and operation, if any, which may differ significantly from what is set out in the PEA and the business plans of Karmin. Such statements and information reflect the current view of Karmin with respect to risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

Such statements are not historical facts. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections in the forward-looking statements will not occur, and that actual performance and results in future periods may differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements.

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.

The forward-looking statements contained in this news release are made as of the date of this news release. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Except as required by law, Karmin disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additionally, Karmin undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

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