



For Immediate Release: October 16, 2001

500-M STEP-OUT HOLE CONFIRMS HIGH-GRADE MASSIVE SULPHIDES AND NEWLY-DISCOVERED EXTENSION OF EM ANOMALY AT ARIPUANÁ, BRAZIL

Toronto, October 16 – Karmin Exploration Inc. announced today the results from its latest drill holes on its 28.5%-owned Aripuaná property in Mato Grosso, Brazil. The highlight of these is the deepest of two massive sulphide intersections in a wedged hole (FD 57A) which returned **8.5 % zinc, 3.0% lead and 92 g/t of silver over 5.85 meters**, including a 1-m section grading 19.7% zinc, 8.2% lead and 264 grams per tonne silver (see attached cross-section and chart).

This drillhole represents an aggressive 500-meter stepout from the high-grade Hole 54 (16.6% zinc, 5.4% lead and 155.66 grams of silver over nine meters), the nearest drillhole along a strong, continuous, conductive electromagnetic (EM) anomaly and is part of a systematic campaign to investigate the 1,960-meter-long EM anomaly associated with the Valley Deposit.

Approximately 300 meters, or only 15% of the strike length, of this EM anomaly constitute the 11.65 million tonne indicated and inferred resources at the Valley Deposit. The remaining 85% strike length has been lightly drilled, receiving only two holes to the east (F36 and F56) while to the west four intersections in two profiles (F54 and F54A, FD57 and FD57A), confirmed the anomaly represents massive sulphides and returned high-grade intersections. All four holes to the west included intersections significantly higher in grade than the resource grade at the Valley Deposit.

Karmin CEO Bill Fisher noted that only one-sixth of this EM anomaly has been effectively drilled and yet a resource of 11.65 million tonnes has been developed.

“The results announced today demonstrate two things: first, they confirm that all drilling results to the west have higher grade intersections than the average of the resource at the Valley Deposit, and second, that the EM anomaly represents a much larger and longer target than the Valley Deposit alone,” he said.

The 1,960 meter extent of this anomaly was recognised during the interpretation of the highly successful Spectrem airborne EM survey, culminating in the discovery of the West Valley extension northwest from the Valley Deposit.

All drill hole intersections testing the EM anomaly returned massive or semi-massive sulphides, adding to our conviction that similar EM anomalies at Aripuaná contain linked sulphides rather than represent other conductive rock types. The following is a summary of work to date on the Valley EM anomaly:

Area	Tonnage	Strike Length - SE to NW(meters)	Highlights
East Valley		0 – 600	Holes F 36 and F 56 intersected low grade massive sulphides, two further zones to drill
VALLEY	11.65 MILLION TONNES	600 – 900	INDICATED AND INFERRED RESOURCES GRADING 6.3 % zinc, 2.3 % lead and 65 g/t silver (ACA HOWE 1999)
West stepout I		1060	Hole F 54 – massive sulphide containing 9m @ 16.6% zinc, 5.4% lead, 156 g/t silver
West stepout II		1210	Hole F 55 – fails to deviate into target, passes 100 m to north of anomaly which is confirmed by downhole EM
West stepout III		1560	Hole FD 57/57A – confirms massive sulphide - see chart below
		1960	Northwestern limit of Spectrem EM anomaly “center of energy (conductivity) [is] concentrated to the northwest” of hole 57 – Anglo American report on downhole EM of holes FD 57/57A

Previous geological interpretations suggested the Valley Deposit plunged to the west. However, the West Valley EM anomaly has been interpreted to be much closer to surface. At Hole FD 57, the anomaly is interpreted to start only 160 meters below surface and continues past 400 meters and beyond the range of detection. (See cross section.)

Karmin’s joint-venture partner Anglo American employs a sophisticated and multidisciplinary approach appropriate to a project of this scope. Currently, the on-site team includes five geologists. The preparation work carried out in the first half of this year for the current drill program included 20 line kilometers of EM geophysical surveys, 1.8 km² of detailed geological mapping, 46 line kilometers of reconnaissance geological and 37 kilometers of line cutting. This ongoing ground program along with the airborne geophysics and drilling makes this project one of the most active exploration programs in South America.

In addition to East Valley and West Valley, Anglo has recognised two other first priority areas at Babaçu and Ambrex NE. These four areas will be drilled during the current eight to nine hole exploration program. The program is scheduled to be completed before year end and the results will be issued at the end of the program.

In addition to the Valley Deposit, a second inferred resource known as the Arex Deposit is adjacent to the West Valley EM anomaly. The Arex Deposit has a 7 million tonne resource of copper – gold, lead – zinc, and gold lenses. This represents a classic volcanogenic massive sulphide assemblage. The combined indicated and inferred resources of the Aripuanã joint venture (Valley plus Arex) are 18.65 million tonnes of polymetallic mineralization.

Karmin Exploration Inc. is the base and precious metals exploration company that discovered volcanogenic massive sulphide mineralization (VMS) at the Valley Deposit near Aripuanã in the state of Mato Grosso, Brazil. In 1999, Karmin formed a joint venture with Anglo American Brasil Ltda. to jointly explore Karmin’s and Anglo’s adjoining properties, where similar VMS discoveries have been made. Karmin holds 95% of MRA (its Brazilian subsidiary), which holds

30% of the joint venture, and 100% of the gold oxide resources at Aripuanã, which are subject to a 2% royalty while not interfering in the base metals mine operations.

Karmin's shares are listed on the Canadian Venture Exchange under the symbol YKA. The annual general meeting of the company will be held at the Brunswick Room, in the Royal York Hotel, Toronto at 4.15 p.m. on Thursday, October 25, 2001. Bill Fisher will be making a detailed presentation about the latest developments.

Drilling Intersections from FD 57 and FD 57A

Drillhole	From	To	total meters	Zn (%)	Pb (%)	Ag (g/t)
FD57	489.65	495.3	5.65	5.26	1.92	56.19
FD57	499.5	501.75	2.25	8.88	3.43	52.11
FD 57A-wedge hole	72.8	78.65	5.85	8.52	2.99	92.03
FD 57A-wedge hole	66.65	68.4	1.75	4.4	1.19	30.86

Updates, including maps, can be found on the web site: www.karmin.com.

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For Further Information Please Contact:

William (Bill) Fisher, Chief Executive Officer (416) 367-0369
Karmin Exploration Inc. email@karmin.com

Olav Svela or Cathy Hume, Investor Relations (416) 868-1079
Hume, Kieran Inc. olav@humekieran.com

*If you prefer to receive Karmin press releases via e-mail, please advise Zuzana Bolender
(zuzana@humekieran.com)*

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**ARIPUANÃ PROJECT
WEST VALLEY
DRILL HOLES FD57 AND FD57A
MATO GROSSO, BRAZIL**

