

KARMIN EXPLORATION INC.
CDN SYMBOL: KARM

PRESS RELEASE
KARMIN EXPLORATION INC. and
ANGLO AMERICAN BRASIL LTDA.
Sign Formal Agreement

Toronto, Ontario – February 16, 2000 - Karmin is pleased to announce that the formal agreement has been executed among Karmin, Anglo American Brasil Ltda (“AAB”), a subsidiary of UK based mining giant Anglo American PLC, and Karmin’s subsidiary, Mineracao Rio Aripuana Ltda. (“MRA”). This announcement is further to the announcements of August 17, 1999 and September 28, 1999 relating to the agreement between Karmin and AAB, to form a venture to collectively explore MRA’s Aripuana property and AAB’s adjacent Arex property in Mato Grosso state, Brazil.

The centrally located 2,000 hectare Aripuana property of MRA and the adjacent and surrounding 9,046 hectare Aripuana properties of AAB have been contributed to a newly formed Brazilian corporate entity, Mineracao Dardanelos Ltda. (“MDL”) having the ownership basis of 70% AAB : 30% MRA. The merged properties host two partially defined base metal deposits located within the Aripuana volcanogenic massive sulphide belt as well as several other base metal and gold exploration prospects. Within 5 business days from the effective transfer of titles of the properties to MDL, AAB will shall tender a cash payment of US\$70,000 to Karmin Exploration Inc.

Substantially consistent with the terms of the letter of intent disclosed in the press release of August 17, 1999, the primary terms of the formal agreement are as follows:

- MRA, contributes the 2,000 hectare Aripuana property which hosts the Valley deposit as well as several other exploration targets, Anglo through AAB contributes the adjacent (contiguous on strike to southeast and west) 9,046 hectare Aripuana property which hosts the Arex deposit as well as several other exploration targets.
- To maintain its interest in MDL, AAB must expend a minimum of US\$ 3.25 million upon the property subject to the Venture on or before June 30, 2003, with the first US\$250,000 being expended prior to September 1, 2000. No expenditures will be required of MRA to maintain its interest in MDL at this stage.
- If results are inconclusive subsequent to the expenditure of US\$3.25, and AAB elects to continue exploring, AAB will be responsible for all expenditures required for further exploration up to and including the completion of a bankable feasibility study that may result prior to June 30, 2005. Additional expenditures and exploration of AAB subsequent to June 30, 2005, require the consent and agreement of MRA.
- In the event of a commercial production decision, MDL shall make a cash payment to MRA in the amount of US\$ 1.0 million in anticipation of future dividends.
- The collective properties have gold potential in an oxide environment, which MRA or its affiliates has shown an exploration and development interest. AAB shall be entitled to receive a net smelter royalty of 2% of any gold mining developed by MRA or its affiliates in the property area originally contributed by AAB to the Venture but shall not participate whatsoever in any gold project exploration or development by MRA or its affiliates in the property area originally contributed by MRA.

The Valley deposit of MRA has undergone various phases of exploration over a four year period which have cost an estimated US\$ 7.0 million. It has been previously determined by ACA Howe International that a mineral inventory estimated at **11.65 million tonnes averaging 6.29% Zn, 2.25% Pb, 0.07% Cu, 65 g/t Ag and 0.25 g/t Au using a 3% Zn block cut off grade** exists on the property (estimate is in compliance with Australian JORC Classification of Identified Mineral Resources and Mining Reserves (1996)). This deposit remains open to depth and along strike.

Anglo American has advised Karmin that the **Arex deposit is currently estimated to contain resources of a similar order of magnitude to the Valley Deposit, and is open also along strike and to depth.**

The Aripuana property of Karmin is 100% held by the Brazilian company Mineracao Rio Aripuana Ltda. ("MRA"). The shares of MRA are currently controlled by Rio Taboco S.A. ("RTA") (wholly owned subsidiary of Karmin). RTA has contributed an excess of US\$4.1 million to the share capital of MRA over the past 20 months and has been the sole contributor to the share capital of MRA during that time. Dilution procedures are being conducted and Karmin anticipates that its resulting shareholdings in MRA, through RTA, will be approximately 85%.

Karmin also announces that it has raised \$490,000 pursuant to agreements made in December 1999. \$240,000 of such funds was raised through a non-brokered armslength private placement of 1,200,000 units at a price of \$0.20 per unit, with each unit consisting of one common share and one half of one warrant and with each whole warrant exercisable into one common share at an exercise price of \$0.25 per share for a two year period. The remaining \$250,000 was raised through a non-brokered nonarmslength private placement of 1,190,476 common shares at a price of \$0.21 per share. The Corporation intends to use the proceeds of the private placement for working capital.

Karmin Exploration Inc. is active in base and precious metal exploration in Brazil and its common shares are quoted upon The Canadian Dealing Network Inc. under the symbol "KARM". With the completion of these private placements, there are currently 24,586,850 common shares and 600,000 Warrants of Karmin outstanding.

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NO REGULATORY AUTHORITY HAS APPROVED NOR DISAPPROVED
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