

Closing of Previously Announced Acquisition of Mining Concessions in the Huama

KARMIN EXPLORATION INC ("KAR-V; KRMEF-0")

- Closing of Previously Announced Acquisition of Mining
- Concessions in the Huamachuco Gold District of Peru

Further to its news releases dated November 22, 2011, December 21, 2011, January 20, 2012 and February 13, 2012, Karmin Exploration Inc. ("Karmin") announced today that it has acquired 100% of the right, title and beneficial interest held by Alberto Aurelio Arias Davila (the "Vendor"), a well-known Peruvian mining entrepreneur and an arm's length party, in two mining concessions (the "Purchased Mining Concessions") forming a portion of the Cushuro 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).

In addition to the Acquisition, Karmin also announced that it has entered into a separate agreement to lease (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 Property, 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, Karmin was granted 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"), exercisable at its sole discretion, at any time on or after January 16, 2012 and for a period of one year following such date (the "Option Term"). Karmin intends to issue a news release if and when it elects to exercise the Option.

In connection with the closing of the Acquisition and the entering into of the Lease, Karmin issued an aggregate of 14,865,000 common shares of Karmin to the Vendor, representing approximately 27.55% 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). In the event that the Option is exercised, an additional 135,000 common shares (the "Option Shares") of Karmin will be issued to the Vendor on closing of the Option Acquisition. If issued, the Option Shares would bring the Vendor's aggregate holdings to 15,000,000 common shares of Karmin, representing approximately 27.73% of the common shares of Karmin that will then be issued and outstanding (assuming no other issuances of common shares).

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 \$10,246,500.00. Based on the Share Price, the total value of the consideration paid in connection with the Lease was \$10,350.00. If the Option is exercised, based on the Share Price, the total value of the consideration to be paid in connection with the Option will be \$93,150.00. Assuming the Option is exercised, and, based on the Share Price, the aggregate consideration paid by Karmin to the Vendor in connection with the Cushuro Acquisition will be \$10,350,000.00.

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 will promptly file 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 on Wednesday, January 18, 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 has approved Dr. Rodriguez-Mariategui Canny's appointment as director and, upon the closing of the Acquisition, the Board was pleased to welcome Dr. Rodriguez-Mariategui Canny as a director of Karmin.

Granting of Options

In connection with Dr. Rodriguez-Mariategui Canny's appointment as director, the board of directors of Karmin has unanimously resolved to grant 200,000 stock options (the "Stock Options") to Dr. Rodriguez-Mariategui Canny effective today. The Stock Options permit Dr. Rodriguez-Mariategui Canny to purchase 200,000 common shares at an

exercise price of \$0.59 per common share for a period of 5 years from today's date. The closing price of the common shares on the Exchange on February 14, 2012 was \$0.73. Half of the Stock Options vest immediately with the remainder vesting in equal parts on the first and second anniversary of the issuance of the Stock Options. The granting of the Stock Options is subject to the acceptance of the Exchange.

About Karmin

The common shares of Karmin are listed on the Exchange and trade under the symbol "KAR". The principal business of Karmin is to acquire and explore resource properties.

As a result of the closing of the Acquisition and the entering into of the Lease, Karmin's main project is the Zona Cushuro project, located in the Huamachuco Gold District in the sierras of north-western Peru. The Cushuro Mining 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.

Karmin owns 100% of the Aripuana Gold-Silver Project which encompasses the gold and silver mineralization associated with the near surface oxidized portions of the numerous massive sulphide deposits in the 820 square kilometre Aripuana Zinc Project located in north-western Brazil.

Karmin owns 30% of the Aripuana Zinc Project, one of the largest undeveloped zinc projects in Brazil. The Aripuana Zinc Project covers a complete mineralized massive sulphide district, with five areas of mineralization (Ambrex, Arex, Babacu, Massaranduba and Mocoto) over a 25 kilometre strike length. A technical report completed by AMEC International (Chile) S.A. (AMEC), a division of AMEC Americas Limited, in 2007 (available on SEDAR (www.sedar.com) in accordance with National Instrument 43 - 101 - Standards of Disclosure for Mineral Projects states that the Ambrex deposit has indicated resources of 18.3 million tonnes grading 4.0% zinc, 1.5% lead, 0.18 grams per tonne gold and 35.6 grams per tonne silver. The Arex deposit has indicated resources of 9.4 million tonnes grading 2.5% zinc, 1.0% lead, 0.45 grams per tonne gold and 34.7 grams per tonne silver. Votorantim Metais Zinco S/A owns 70% of the Aripuana Zinc Project but assumes 100% of the project costs until the completion of a bankable feasibility study.

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Disclaimer Relating to Forward-Looking Information

This news release contains forward-looking statements, including those relating to the Cushuro Acquisition and information 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 "plans," "expects," "is expected," "scheduled," "estimates," "forecasts," "projects," "intends," "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," "occur," and similar expressions identify forward-looking statements. The forward-looking statements and information in this press release include, but are not limited to, information relating to the business plans of Karmin and the Option Acquisition (including the exercise of the Option and the completion or termination of the Option Acquisition). 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. These assumptions, risks and uncertainties include, among other things, the ability to close the Option Acquisition.

The Cushuro Mining Concessions and the land they relate to are exploration properties 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 Cushuro Mining Concessions include, among others, the timing and content of work programs, results of the development of mineral properties, including the Cushuro Mining Concessions, 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 Peru, 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.

Karmin cautions that the foregoing list of material factors is not exhaustive. When relying on Karmin's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Karmin has assumed a certain progression of events which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

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.

Neither the Exchange nor its Regulation Services Provider (as that term is defined in policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.