

# CANMEX MINERALS CORPORATION

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## NEWS RELEASE

### **CANMEX SIGNS MOU TO ACQUIRE INTEREST IN TWO OIL AND GAS PROSPECTS IN PUNTLAND, SOMALIA**

**October 11, 2006 (CXM – TSXV)...Canmex Minerals Corporation** (“Canmex” or “the Company”) is pleased to announce that it has signed a non-binding Memorandum of Understanding (“MOU”) to acquire an 80% interest in licenses covering the highly prospective Nogal and Al Medo/Darin basins in the state of Puntland in northern Somalia. The Nogal and Al Medo/Darin basins are considered world-class exploration plays with a petroleum system identical to and formerly contiguous with those within the Republic of Yemen. Please see attached map.

The Yemeni basins, after 20 years of exploration and development drilling, are known to contain in excess of nine billion barrels of oil equivalent reserves with current production of over 400,000 barrels of oil per day. Most production has been from Lower Cretaceous Qishn sandstone reservoirs sourced by Upper Jurassic Madbi Shales. In Yemen, between 1994 and 2006, there was an average discovery size of 96 MMBOE recoverable reserves with a discovery success rate of 23%.

Somalia, part of the same land mass as Yemen prior to rifting in the Gulf of Aden, is a virtually unexplored territory, with only 60 wildcats in some 580,000 km<sup>2</sup> of sedimentary basins, 11 oil and gas discoveries, and a wildcat success rate that is comparable with the best oil provinces in the world. Mature, oil-prone source-rocks combined with multiple reservoir rocks and structures occur in a variety of geological settings. The sedimentary basins within the acreage covered under the MOU are identical to the productive oil basins of Yemen.

The MOU has been signed with Range Resources Ltd. (“Range”), a public company listed on the Australian Stock Exchange. Canmex and Range are at arm’s length. Pursuant to the MOU, Canmex has the right to acquire an 80% interest in the licenses and operatorship thereof in exchange for: (i) the financial commitment over an initial four year period of US\$50 million in exploration expenditures; and (ii) the payment to Range of an additional US\$3.5 million upon commencement of commercial production. Completion of the transactions contemplated in the MOU is conditional upon: (i) the successful completion of technical and legal due diligence by Canmex; (ii) negotiation and finalization of definitive binding agreements between Canmex and Range, including a Joint Operating Agreement and binding agreements among Canmex and Range and the Ministry of Energy of Puntland, including a Production Sharing Agreement; and (iii) all requisite governmental, regulatory and other consents including those required in Puntland and the Somali Republic.

The acreage that is covered by the MOU is currently licensed to Range under a Contract of Work (CoW) issued under the authority of the Puntland State Government and includes both hydrocarbon and mineral rights. The Transitional Federal Government (“TFG”) of Somalia recognizes the State of Puntland and has recently endorsed the Range CoW and the proposed Range/Canmex partnership. Discussions have commenced with the Puntland State Government to agree upon terms for a Production Sharing Agreement over the Nogal and Al Medo Basin hydrocarbon concessions.

Forward-looking statements: This press release contains statements about expected or anticipated future events and financial results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Actual results may differ materially from those projected by management.

ON BEHALF OF THE BOARD

"J. Cameron Bailey"  
Director

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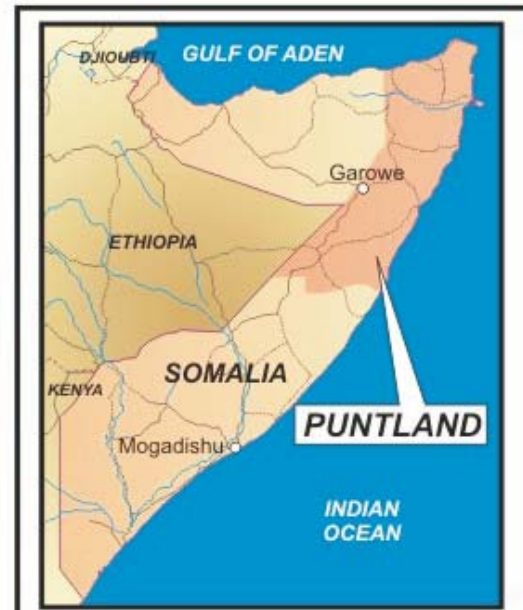
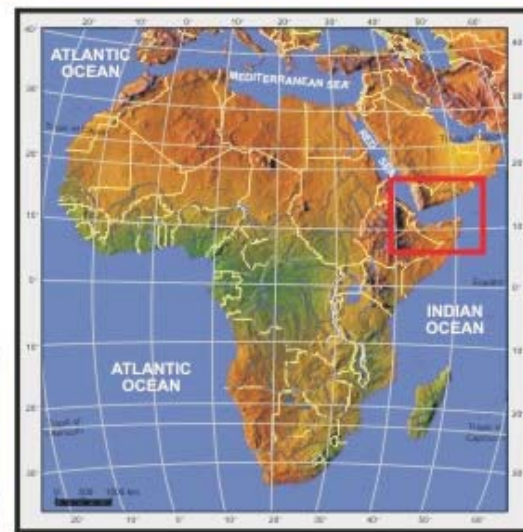
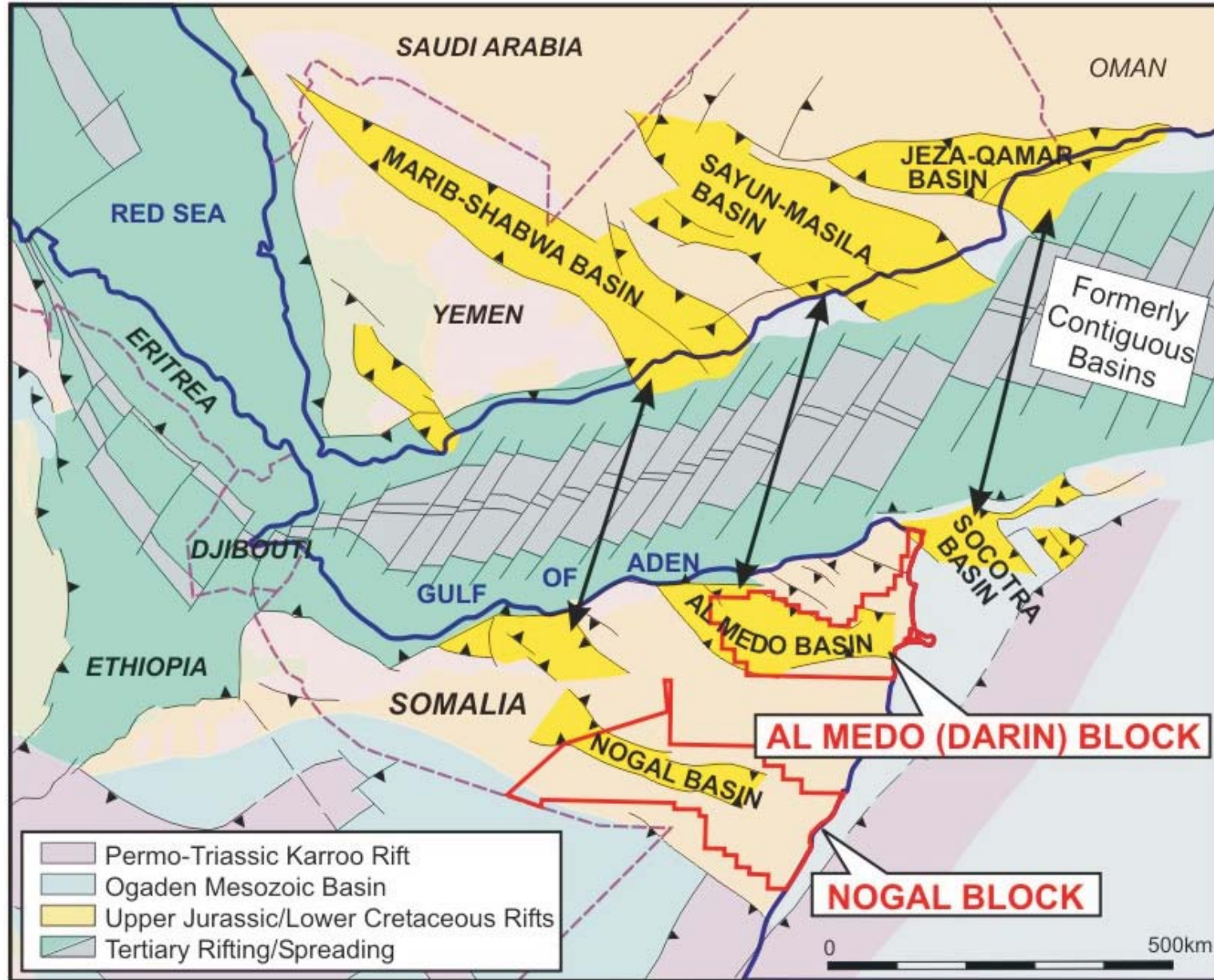
The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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## Nogal Block and Al Medo (Darin) Block

### Nogal and Al Medo (Darin) Basins

#### Puntland, Somalia



Sedimentary basins in Somalia are identical to and were once contiguous with productive basins in Yemen.

**Somalia:**  
Virtually unexplored, 60 wildcat wells in 580,000km<sup>2</sup> of sedimentary basins, 11 oil and gas discoveries.

**Yemen:**  
20 years of exploration and development drilling, 9 billion barrels of oil equivalent reserves, current production 400,000 bopd.