

CALGARY, ALBERTA--(Marketwired - Apr 13, 2015) - [Karnalyte Resources Inc.](#) ("Karnalyte" or the "Corporation") (TSX:KRN) announced today that it has completed and filed with Canadian securities regulators its annual financial statements, management's discussion and analysis, related Chief Executive Officer and Chief Financial Officer certificates, and its annual information form, all in respect of its fiscal year ended December 31, 2014 (the "Annual Filings"). Karnalyte's Annual Filings are available on the Corporation's website and under the Corporation's profile at www.sedar.com.

Wynyard Project

As previously announced, the Corporation has been actively engaged in discussions with an Indian financial institution and other third parties to obtain financing for the construction of the Wynyard Carnallite Project. Unfortunately, these discussions have not resulted in a financing proposal that would be in the best interests of the Corporation. In addition, there are impairment indicators for the Wynyard Project which have required the Corporation to re-evaluate the carrying value of the Project. These indicators include the Corporation's market capitalization being significantly below the carrying value of its net assets and a significant drop in potash prices since the now outdated publication of results of the Corporation's feasibility study for potash production at the Wynyard Project and pre-feasibility study for production of magnesium co-products, both in 2012. This reflects the significant deterioration in global prices for potash since those studies were prepared.

After completing its impairment review, the Corporation has recorded a non-cash impairment expense of \$59.1 million related to the Wynyard Project. The Wynyard Project is now carried on the Corporation's balance sheet at approximately \$4.0 million, an amount which reflects its salvage value. There can be no assurance that circumstances will change or that the market for potash will improve to the point where the Wynyard Project would have a value in excess of its salvage value.

The Board of Directors has determined that in the current price environment for potash, it is not possible to finance and profitably construct and operate a potash production facility at the Wynyard Project. The Board of Directors has therefore determined to suspend all activity in relation to the Wynyard Project, other than the minimum required to maintain title to the Project, secure the site on a care and maintenance basis, and otherwise preserve intact the Wynyard Project. Accordingly, unless there is a significant improvement in the market for potash or the situation otherwise changes, the Corporation will not undertake any further development work at the Wynyard Project. The Corporation intends to review whether there is any possibility of finding a buyer for the Wynyard Project or whether it can be otherwise disposed of on reasonable terms, consistent with the restrictions to which the Corporation and the Wynyard Project are subject in the Corporation's various agreements with Gujarat State Fertilizers and Chemicals Limited.

Given the significant negative change in pricing for potash, the Corporation no longer considers the Wynyard Project to have a mineral reserve. The mineral reserves previously reported by the Corporation should therefore not be relied upon. This includes the mineral reserves reported in the Technical Report of the Corporation titled "*KCl and MgCl₂ Reserve and Resource Estimate for the Wynyard Carnallite Project, Subsurface Mineral Permit KP 360A and Subsurface Mineral Lease KLSA 010, Saskatchewan, Canada*" and dated 27 June 2012 and in the Technical Report of the Corporation titled "*Amended and Restated Reserve and Resource Estimate for the Wynyard Carnallite Project, Subsurface Mineral Permit KP 360A and Subsurface Mineral Lease KLSA 010, Saskatchewan, Canada*" and dated 30 March 2012. The Corporation has further determined that although it remains the Corporation's sole material non-cash asset, the Wynyard Project should no longer be considered to be a material mineral property of the Corporation.

Reduction in Overhead

As a consequence of the decision to suspend activity at the Wynyard Project, the Corporation has determined to close its project office in Saskatchewan. The employment of a number of employees there and in Calgary has also been terminated. The Corporation is actively seeking to further reduce its overhead costs and "burn rate" and other cost savings initiatives have been undertaken. As a consequence of these actions, the Corporation's ongoing overhead costs have been significantly reduced.

As at December 31, 2014, the Corporation had net working capital of \$39.5 million compared to \$47.0 million at December 31, 2013, including \$40.7 million and \$46.1 million, respectively, in cash. As indicated in previous press releases, the Board of Directors of the Corporation continues to evaluate alternative opportunities to enhance shareholder value.

Chief Financial Officer

The Corporation has appointed Mr. Thomas Pressello as Executive Vice-President & Chief Financial Officer effective April 14, 2015 in replacement of Mr. Ron Love, who has resigned. Mr. Pressello has been involved in corporate and commercial finance for more than twenty years and is a graduate of the Ivey School of Business, University of Western Ontario. Most recently, Mr. Pressello has worked for his own finance advisory firm, Active Hedge Capital Inc. through which he served as an advisor and CFO for several private and public companies.

Management Cease Trade Order

On April 1, 2015 a Management Cease Trade Order was issued which restricted all trading in securities of the Corporation,

whether direct or indirect, by the Chief Executive Officer and the Chief Financial Officer officers of the Corporation. As the Corporation has now completed its Annual Filings, the Management Cease Trade Order will automatically cease to apply two full business days after the date of the filing.

Forward-Looking Statements

This press release contains forward-looking statements. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Karnalyte, including with respect to the Corporation's future operations and expected overhead reductions. Although Karnalyte believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Karnalyte can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Additional information on these and other factors that could affect Karnalyte's operations and financial results are included in documents on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements contained in this document are made as of the date hereof and Karnalyte undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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