

CALGARY, March 11, 2016 /CNW/ - [Karnalyte Resources Inc.](#) ("Karnalyte" or the "Company") (TSX: KRN) today announced the filing of restated financial statements and restated Management's Discussion and Analysis for the three and nine months ended September 30, 2015 (the "Restatement").

In the course of preparing the Company's consolidated financial statements for the year ended December 31, 2015 inaccuracies were discovered in the Company's third quarter financial statements and Management's Discussion and Analysis for the three and nine months ended September 30, 2015 (the "Review"). The Company's Board of Directors, upon the recommendation of the Audit Committee, has determined that the Restatement is required. The financial results of the Restatement are as follows:

- An increase in additions to mineral properties of \$151,000 and patents of \$3,000 resulting in an increase in the impairment loss of \$154,000 for the three and nine months ended September 30, 2015;
- An increase in general and administrative expenses of \$204,000 for the three and nine months ended September 30, 2015;
- A decrease in cash of \$659,000 as at September 30, 2015; and
- A net decrease in trade and other accounts payable of \$301,000 as at September 30, 2015.

The Company does not expect any adverse effect on the Company's day-to-day operations as a result of the Restatement.

In the second quarter of 2015, the majority of the current directors and officers of the Company were appointed subsequent to a settlement following a proxy contest. As a result, the Company has dealt with a lack of continuity of personnel and business processes. The Company has since undertaken a review of its accounting records, vendor invoices, minutes of meetings of the board of directors and its subcommittees, among other records of the Company, to partly mitigate the risks.

The Company has previously disclosed material weaknesses in the Company's internal controls over financial reporting, as specifically described in the Management's Discussion and Analysis for the three and nine months ended September 30, 2015. The Company has since taken steps to mitigate material weaknesses, including hiring a permanent Controller who is also acting Interim Chief Financial Officer to oversee the accounting affairs of the Company, however, such mitigating steps do not constitute compensating controls for the purposes of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

Karnalyte's restated Third Quarter 2015 Financial Statements and restated Management's Discussion and Analysis are available at www.sedar.com.

About Karnalyte

[Karnalyte Resources Inc.](#) is engaged in the business of exploration and development of high quality agricultural and industrial potash and magnesium products. Karnalyte intends to develop and extract a carnallite-sylvite mineral deposit through a known solution mining process at competitive costs and with minimal environmental impact. Using a staged approach to potash plant construction, the Company plans to operate a solution mining facility that will initially produce 625,000 tonnes of potash per year, increasing to 2.125 million tonnes of potash per year. Karnalyte owns a 100% interest in Subsurface Permit KP 360A and Subsurface Mineral Lease KLSA-010 located near Wynyard, Saskatchewan, comprising a total of 85,126 acres.

Karnalyte's common shares are traded on the Toronto Stock Exchange (TSX) under the symbol KRN.

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 Company's future plans and operations. 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. These include, but are not limited to, risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations. Readers are cautioned that the foregoing list of factors is not exhaustive. 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.

SOURCE [Karnalyte Resources Inc.](#)

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