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CALGARY, March 30, 2016 /CNW/ - [Karnalyte Resources Inc.](#) ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and operational highlights for the year ended December 31, 2015. Robin L. Phinney, Karnalyte's founder and President, writes:

Greetings Fellow Shareholders,

When I founded Karnalyte in 2007 I had a vision for the Company – to become the world's next low cost producer of premium grade granular potash. I am proud to say that Karnalyte is on track to realize this vision.

Since 2007 Karnalyte has experienced many transformative events. In 2013 Karnalyte forged a strategic partnership with Gujarat State Fertilizers and Chemicals Limited ("GSFC"), signing an offtake agreement (the "Offtake Agreement") for approximately 350,000 tonnes per year ("tpy") of potash from the first phase of Karnalyte's planned 625,000 tpy potash mine at Wynyard, Saskatchewan ("Phase 1") with options to increase its offtake to 1,000,000 tpy from Karnalyte's 2.125 million tpy planned potash production facility (Phases 1, 2 and 3).

2015 was perhaps the most memorable year in Karnalyte's history. In early 2015 a group of concerned shareholders, GSFC and myself joined forces to ensure that Karnalyte continued to execute our shared vision, and since the Company's AGM in June of 2015 we have worked hard to make this vision a reality.

On March 14, 2016 we announced that GSFC and Karnalyte had entered into a ground-breaking agreement in principle (the "Agreement in Principle") that sets out a framework to provide Karnalyte with approximately \$700 million USD to fully finance construction of Phase 1, and a plan to spin-out the Company's secondary mineral assets and unexplored lands into one or more separate entities. We believe that these transactions will provide Karnalyte's shareholders with an exceptional opportunity to realize the value in these currently untapped assets.

The strategic partnership between Karnalyte and GSFC distinguishes us from our competitors in two important areas:

- 1) Financing: The Agreement in Principle provides Karnalyte with a roadmap for comprehensive financing to fund the construction of Phase 1; and
- 2) Sales: The Offtake Agreement provides Karnalyte with secured sales for approximately 56% of its potash production from Phase 1 for the next 20 years.

I believe that Karnalyte's vision – to become the world's next low cost producer of premium grade granular potash – is finally becoming a reality.

Sincerely,

Robin L. Phinney.

2015 Year End Results

As at December 31, 2015 the Company had net working capital of \$26.2 million compared to \$39.5 million at December 31, 2014, including \$27.7 million and \$40.7 million, respectively, in cash. Karnalyte's 2015 Year End Financial Statements, Management's Discussion and Analysis and Annual Information Form are available at www.sedar.com.

Transaction Approvals

Completion of the proposed financing and spin-out transaction (the "Transaction") is subject to finalization of definitive documentation, approval by the boards of directors of Karnalyte and GSFC, approval by Karnalyte's shareholders, and receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange (TSX), as well as other customary closing conditions. The Company cautions that there is no assurance that the Transaction will be agreed upon or that the terms described in the Company's press release dated March 14, 2016 will be the final terms agreed to in the definitive documents for the Transaction. Any announcements regarding the proposed Transaction will be disclosed in accordance with all applicable legal and regulatory requirements.

About Karnalyte Resources Inc.

Karnalyte is engaged in the business of exploration and development of high quality 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 construction, the Company plans to operate a solution mining facility that will initially produce 625,000 tpy, increasing to 2.125 million tpy of potash.

Karnalyte's Common Shares are traded on the TSX under the symbol KRN.

Forward-Looking Statements

Certain information included in this press release is forward-looking, within the meaning of applicable Canadian securities laws. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "plan", "intend", "forecast", "future", "guidance", "may", "predict", "project", "should", "strategy", "target", "will" or similar words or phrases suggesting future outcomes or language suggesting an outlook. More particularly and without limitation, this press release contains forward-looking information concerning: the completion of the Transaction and the anticipated benefits to be derived therefrom, and the terms of the Transaction.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Karnalyte, including assumptions as to: the ability of Karnalyte and GSFC to successfully negotiate definitive documentation with respect to the Transaction; the ability of the parties to receive, in a timely manner, the necessary regulatory approvals (including from the TSX), Board of Directors approval, shareholder approval and other third party approvals; the ability of Karnalyte to obtain the financing on terms favourable to it; and the ability of Karnalyte to successfully spin-out its secondary mineral rights and unexplored lands. Karnalyte believes the expectations and assumptions upon which the forward-looking information is based are reasonable. However, no assurance can be given that these assumptions and expectations will prove to be correct. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release.

Actual results may vary from the forward-looking information presented in this press release, and such variations could be material. Risks and uncertainties inherent in the nature of the Transaction that could cause actual results to vary from the forward-looking information in this press release include the failure of Karnalyte and GSFC to successfully negotiate definitive documentation and the failure of Karnalyte to obtain the necessary regulatory approvals (including from the TSX), board of directors approval, shareholder approval and other third party approvals or otherwise satisfy the conditions to the Transaction in a timely manner, or at all. As a result, there can be no assurance that Karnalyte will be able to complete the Transaction on the terms presented in this press release or at all. Risks applicable to Karnalyte's business include 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.

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