



KARNALYTE RESOURCES INC. ANNOUNCES SECOND QUARTER 2015 RESULTS AND APPOINTMENT OF INTERIM CFO

Calgary, Alberta (August 12, 2015) - Karnalyte Resources Inc. ("**Karnalyte**" or the "**Company**") (TSX: KRN) today announced filing of its financial results for the quarter ended June 30, 2015.

Robin Phinney, Karnalyte's founder and President, writes:

Dear Shareholders,

This last year has been an exciting one for Karnalyte Resources. In 2015 shareholders witnessed competing visions for the company and voted overwhelmingly in favour of a reconstituted board of directors and their vision to develop Karnalyte's Potash Project. We are pleased to announce that the Development Program is on track to optimize production from the underground caverns in preparation for the full-scale production facility.

Karnalyte's Potash Project is truly unique and ready to move forward. We have a proven solution mining method with low environmental impact, projecting low capital costs, low operating costs and a high-purity granular product. We are located in close proximity to necessary infrastructure, in a politically stable environment, with huge potential for expansion and a secondary product line that could significantly reduce potash operating expenses.

Most importantly, we have a strategic partnership with Gujarat State Fertilizers & Chemicals Limited ("GSFC"), one of the largest fertilizer companies in India. GSFC has signed a significant offtake agreement for up to 56% of the potash production from Karnalyte's 625,000 tonne per year facility. GSFC has indicated its willingness to assist Karnalyte by arranging funding for the Project which may be available on significantly more attractive terms than offered by North American Banks. Having a strong strategic partner in GSFC gives Karnalyte a significant competitive advantage in the marketplace.

Management believes that the outlook for potash demand is positive and that Karnalyte is well positioned to capitalize on this opportunity. Both demand and prices for granular potash are increasing and we have observed recent takeover activity with the majors looking to acquire advanced greenfield projects. With over \$30 million in the treasury, only 27.479 million shares outstanding, and a strong relationship with GSFC, the next year will be a defining chapter for Karnalyte.

Robin Phinney
President
Karnalyte Resources Inc.

The Company is also pleased to announce the appointment Mr. Christopher Morris as Interim Chief Financial Officer. Mr. Morris has held numerous senior finance and executive roles in both private and public companies in Canada, the United States, and the United Kingdom. He is a principal of R.C. Morris & Company Ltd., a Vancouver-based financial services firm providing management, finance and accounting services. Mr. Morris attended the Woodstock School in India and is a graduate of the University of Western Ontario, University of Waterloo and holds a PhD from Cambridge University.



Karnalyte's Second Quarter 2015 Financial Statements and Management's Discussion and Analysis (MD&A) are available at www.sedar.com.

Investors are encouraged to contact management for further information at info@karnalyte.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 Corporation's future plans and operations and its ability to secure additional financing. 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, the failure to obtain necessary regulatory approvals, failure to obtain necessary financing, 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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