

KARNALYTE RESOURCES INC. ANNOUNCES THIRD QUARTER 2017 RESULTS AND PROVIDES OPERATIONS UPDATE

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SASKATOON, SK (CNW–November 14, 2017) - Karnalyte Resources Inc. ("**Karnalyte**" or the "**Company**") (TSX: KRN) today filed condensed unaudited interim financial statements and Management's Discussion and Analysis ("**MD&A**") for the three months ended September 30, 2017 (the "**Third Quarter**"). The financial results of the Third Quarter are as follows:

- A decrease in general and administrative expenses of \$3,903,000 from the comparative 2016 amount;
- A decrease in cash since June 30, 2017 of \$1,083,000;
- A decrease in trade and other payables liabilities since June 20, 2017 of \$47,000.

As at September 30, 2017, the Company had net working capital of \$7.8 million compared to \$17.4 million at September 30, 2016, including \$8 million and \$18.8 million, respectively, in cash. Karnalyte's Third Quarter 2017 Financial Statements and MD&A are available at www.sedar.com.

“During the third quarter of 2017 the Company continued to prioritize the development of the Wynyard Carnallite Project. While market conditions remain challenging, management and the board are working hard to identify cost savings opportunities in capital, operating and financing costs of the Project. And they are actively seeking opportunities to finance the project. Management and the board believe in the potential of the Wynyard Carnallite Project and that its development will provide significant shareholder value.” said Karnalyte’s interim Chief Executive Officer, W. Todd Rowan.

THIRD QUARTER UPDATE

In order to conclude the work done during the optimization program in 2016 (the "**Optimization Program**"), the following activities have been taking place at the Wynyard Carnallite Project site:

1. Cavern Testing – To gain an understanding of the final shape and conditions in the cavern, the Company intends to take sonar and blanket oil level logs, and temperature readings in the test cavern. The Company intends to deliver these logs to the Company’s consultant, ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH, for analysis and a final update to their report on the Optimization Program.
2. Magnesium Testing - production brine containing $MgCl_2$ was extracted from the Belle Plaine zone in the test cavern and taken to the Saskatchewan Research Council for further testing. The aim was to explore the potential of producing high purity 99% plus Magnesium Compounds in a variety of specified formulations that could meet different industrial specifications. SRC completed the lab processing work in September and will provide data from the tests. Karnalyte also intends to perform an evaluation of the potential markets for $MgCl_2$ brine, Basic Magnesium Carbonate (BMC) and MgO and to incorporate this into a final report.
3. Decommissioning 2016 cavern testing site – Karnalyte has largely decommissioned the site of the Optimization Program in accordance with the operating permit from the Government of Saskatchewan. All rental equipment has been returned and Company owned equipment and material has been moved to the permanent storage yard. This cleanup also further prepares the site for Phase I construction.

4. Disposal Well Temperature Log – To fulfill a condition of the licence for the disposal well, the Company intends to carry out a routine temperature log in November to ensure that the continued integrity of the well is being maintained. The work is also expected to open up the allowed two disposal zones, increasing the well's disposal capacity; some extra regulatory work is being done to permit and secure the overall disposal system.
5. To comply with terms of the environmental impact statement, the Company has engaged a consultant to prepare an updated decommissioning and reclamation plan for the overall Wynyard Carnallite Project area.

ABOUT KARNALYTE RESOURCES INC.

Karnalyte is a Saskatchewan-headquartered company focused on exploration and development of potash and magnesium in Saskatchewan. The Company intends to develop and extract a carnallite-sylvite mineral deposit through a solution mining process, at a competitive cost and with minimal environmental impact. Using a staged approach to potash and magnesium plant construction, the Company plans to operate the initial facility at Wynyard, Saskatchewan to produce 625,000 tonnes per year ("TPY") of potash ("Phase I"), increasing to 1,375,000 and 2,125,000 TPY of potash in subsequent phases of the project.

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.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Karnalyte, including, without limitation, assumptions as to: projected economics for the Company's planned potash production facility; the ability of Karnalyte to obtain financing on terms favourable to the Company; and the ability of Karnalyte to receive, in a timely manner, the necessary approvals from the board of directors, shareholders, regulatory authorities, and other third parties.

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. Risk factors and uncertainties could cause actual results to vary from the forward-looking information in this press release. Additional information on forward-looking statements 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 Company's profile on the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date hereof and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

For further information, please contact:



Karnalyte Resources Inc.

1(306) 986-1486

info@karnalyte.com

www.karnalyte.com