



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

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**SASKATOON, SK (CNW–AUGUST 10, 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 six months ended June 30, 2017 (the "**Second Quarter**"). The financial results of the Second Quarter are as follows:

- A decrease in general and administrative expenses of \$2,768,000 from the comparative 2016 amount;
- A decrease in cash since year-end of \$7,640,000 as at June 30, 2017;
- An increase in long-term investment since year-end of \$4,864,000 as at June 30, 2017 and
- An increase in trade and other payables liabilities of \$440,000 since year end to June 30, 2017.

As at June 30, 2017, the Company had net working capital of \$8.8 million compared to \$20.5 million at June 30, 2016, including \$9.1 million and \$21.8 million, respectively, in cash. Karnalyte's Second Quarter 2017 Financial Statements and MD&A are available at [www.sedar.com](http://www.sedar.com).

"The second quarter of 2017 has marked a very important period in the history of Karnalyte Resources Inc. At Karnalyte's May 5, 2017 annual general meeting, the shareholders elected four new directors to the board, all long-time shareholders of the Company. The directors are committed to Karnalyte and its success and are refocusing Karnalyte on its vision and mission to become a world class producer of high quality, low sodium potash." said Karnalyte's interim Chief Executive Officer, W. Todd Rowan.

### **OPERATIONS UPDATE**

In order to conclude the work done during the optimization program in 2016 (the "**Optimization Program**"), the Board has approved a budget of \$330,000 to perform the following activities at the Wynyard Project site:

1. Cavern Testing – In order to gain an understanding of the final shape and temperature of the cavern, sonar and temperature logs are being taken at the cavern site. These logs will be delivered to the Company's consultant, ERCOSPLAN Ingenieuresellschaft Geotechnik und Bergbau mbH for analysis and a final update to their report on the Optimization Program.
2. Magnesium Testing – concentrated MgCl<sub>2</sub> brine was extracted from the Belle Plaine test cavern and this brine is now being tested in order to explore the potential of extracting and producing high purity 99% plus Magnesium Compounds. Karnalyte's team will also perform an evaluation of the potential markets for Basic Magnesium Carbonate (BMC) and MgO.
3. Decommissioning 2016 cavern testing site – Karnalyte's team is decommissioning the site of the Optimization Program in accordance with the requirements of the Government of Saskatchewan. This will also further prepare the site for project construction.
4. Disposal Well Temperature Log – To fulfill a condition of the licence for the disposal well, a routine temperature log will be carried out to ensure that the continued integrity of the well is being maintained.



## **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](http://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.

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