



KARNALYTE RESOURCES INC. ANNOUNCES 2019 FIRST QUARTER RESULTS

AND

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS VOTING RESULTS

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SASKATOON, SK (CNW- May 15, 2019) – Karnalyte Resources Inc. (“**Karnalyte**” or the “**Company**”) (TSX: KRN) today announced its financial results and operational and corporate highlights for the first quarter ended March 31, 2019, together with the voting results from the annual and special meeting of shareholders held on May 14, 2019.

Highlights

- Wynyard Potash initial capital cost update progressing
- Proteos Nitrogen continues to systematically advance through development
- All matters of business at the annual and special meeting of shareholders held in Saskatoon, Saskatchewan on May 14, 2019 passed with the requisite majority
- Frank D. Wheatley appointed Chief Executive Officer of the Company concurrently with W. Todd Rowan stepping down as Interim CEO

Wynyard Potash

Karnalyte is encouraged by the continuing improvement in potash prices, however, they have not yet reached the level where Wynyard Potash is an economically viable and financeable mining project. Global economic uncertainty continues to prevail, making developing and financing a major capital project like Wynyard Potash more challenging.

We continue to take a prudent and disciplined approach to the development of Wynyard Potash, as we update initial capital costs and operating costs during the balance of 2019 in order to position the Company to advance the development of Wynyard Potash when feasible.

Proteos Nitrogen

Proteos Nitrogen is a compelling part of Karnalyte’s future. Moving into the manufacturing of nitrogen will provide valuable diversification away from a reliance on potash alone and give us another market in which to do business. Our current focus is on land assembly for site acquisition, which will be followed by environmental baseline field work, technology provider selection and initial technical work to solidify the technical project and establish initial project economics. Our discussions with local agricultural industry partners regarding their potential participation in Proteos Nitrogen continues.

2019 First Quarter Results

At March 31, 2019, the Company had cash of \$9.2 million, a positive working capital of \$9.5 million and no debt. The Company has adequate cash to fund any existing commitments in 2019, as well as to meet short term operating and capital requirements. Karnalyte's First Quarter 2019 Financial Statements and Managements' Discussion and Analysis are available at www.sedar.com.

The information has been summarized from the Company's Condensed Interim Unaudited Financial Statements.

Selected Quarterly Results		
	2019 Mar 31	2018 Mar 31
Total revenue	\$ -	\$ -
Comprehensive (loss)	(905)	(745)
Basic and diluted loss per share	(0.03)	(0.03)
Total current assets	10,068	12,010
Total assets	15,843	17,839
Total liabilities	2,383	790
Total shareholders' equity	13,460	17,049

*Expressed in thousands except loss per share

Outlook for 2019

During the second quarter of 2019, the Company will continue its work to update initial capital and operating costs for Wynyard Potash. The Company will also focus on land assembly for site acquisition, environmental baseline field work, technology provider selection, initial technical work and discussions with local agricultural industry partners regarding their potential participation in Proteos Nitrogen.

Voting Results of Annual and Special Meeting of Shareholders

At the Meeting, 23,639,394 shares represented by shareholders present in person and by proxy, representing 56.05% of the Company's issued and outstanding common shares. The voting results for all matters brought forth at the Meeting are set out below.

Fixing the Number of Directors at Three

Name	Votes For	% Votes For	Votes Against	% Votes Against
Three Directors	20,423,876	89.97	2,277,347	10.03%

Election of Directors

Name	Votes For	% Votes For	Votes Withheld	% Votes Withheld
W. Todd Rowan	20,396,902	89.85%	2,304,321.00	10.15%
Vishvesh D. Nanavaty	20,187,302	88.93%	2,513,921.00	11.07%
Sanjeev V. Varma	20,372,923	89.75%	2,328,300.00	10.25%

Appointment of Auditors

Name	Votes For	% Votes For	Votes Withheld	% Votes Withheld
KPMG	21,244,205	89.87%	2,395,189	10.13%

Re-Approval of Stock Option Plan

Name	Votes For	% Votes For	Votes Against	% Votes Against
Stock Option Plan	20,403,677	89.81%	2,316,296	10.19%

Change of Name

Name	Votes For	% Votes For	Votes Withheld	% Votes Withheld
Change of Company Name	20,544,419	90.42%	2,175,554	9.58%

Appointment of CEO

Effective immediately, Frank D. Wheatley has been appointed the Chief Executive Officer of the Company. Concurrently with Mr. Wheatley’s appointment, Mr. W. Todd Rowan has stepped down as the Interim CEO of Karnalyte. The Board of Directors of Karnalyte expresses its sincere gratitude to Mr. Rowan for his efforts over the past two years to help stabilize and position Karnalyte to execute on its corporate strategy. Mr. Rowan will remain a significant shareholder and member of the Board of Directors of the Company.

Mailing List

In order to receive the latest updates, we encourage all shareholders to subscribe to our mailing list. In order to sign up to the new list, please use the following link: <http://karnalyte.com/mailling-list-signup/>

About Karnalyte Resources Inc.

Karnalyte Resources Inc. is an advanced development stage company focused on two fertilizer products, potash and nitrogen, to be produced and manufactured in Saskatchewan. Karnalyte owns the construction ready Wynyard Potash Project, with planned phase 1 production of 625,000 tonnes per year (tpy) of high grade granular potash, and two subsequent phases of 750,000 tpy each, taking total production up to 2.125 million tonnes per year (Mtpy). Karnalyte is also exploring the development of the Proteos Nitrogen Project, which is a proposed small-scale nitrogen fertilizer plant with a nameplate production capacity of approximately 700 metric tonnes per day (mtpd) of ammonia and approximately 1,200 mtpd of urea, and a target customer market of independent fertilizer wholesalers in Central Saskatchewan.

About the Wynyard Potash Project

The Wynyard Potash Project is a construction ready solution mining potash project located in Wynyard, Saskatchewan, with planned phase 1 production of 625,000 tpy of high grade granular potash, and two subsequent phases of 750,000 tpy each, taking total production up to 2.125 Mtpy. All environmental permits remain valid, preliminary detailed engineering is complete, and the existing offtake agreement with

Gujarat State Fertilizers & Chemicals Limited remains in effect. Further development is dependent on improved potash prices.

About the Proteos Nitrogen Project

The Proteos Nitrogen Project is an advanced stage development project consisting of a proposed small-scale nitrogen fertilizer plant to be located in Central Saskatchewan, having a nameplate production capacity of approximately 700 mtpd of ammonia and approximately 1,200 mtpd of urea, and designed to produce two products – anhydrous ammonia (82-0-0) and granular urea (46-0-0). Karnalyte’s primary target market is independent local Saskatchewan fertilizer wholesalers within a 400-kilometer radius of Saskatoon, Saskatchewan. A secondary target market is the US Midwest fertilizer wholesalers near to the Canadian – United States border. The proposed plant would be the first greenfield nitrogen fertilizer plant built in Canada in the last 26 years.

About Gujarat State Fertilizers & Chemicals Limited

Gujarat State Fertilizers & Chemicals Limited (“GSFC”) is a leading Indian Fortune 500 chemicals and fertilizer company that has been in business for more than 50 years. GSFC currently operates one ammonia plant of 445,000 Mtpy nameplate capacity, which was commissioned in the year 2000 based on Linde’s technology (after the two old ammonia plants established in 1969 were retired due to higher energy consumption), and two urea plants, with a total of 370,590 Mtpy nameplate capacity which were established in 1969, at its fertilizer production complex in Vadodara, Gujarat State, India. GSFC’s urea plants have consistently operated at optimum capacity over the past five decades.

As the Company’s strategic partner and single largest shareholder, GSFC remains committed to the Company and the Wynyard Potash Project and is fully supportive of the Company pursuing the development of the Proteos Nitrogen Project. GSFC has also confirmed to the Company that it will continue to support the structuring of the most cost-effective financing package for the development of the Wynyard Potash Project, as GSFC has consistently offered to the Company since becoming a shareholder in 2013.

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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 confirmation in an independent feasibility study of Karnalyte's assumptions regarding the technical and economic viability of the Proteos Nitrogen Project, 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 Company's 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. Without limiting the generality of the foregoing, readers are cautioned that the Company has not received a feasibility study prepared by a third party with respect to the Proteos Nitrogen Project.

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 Company assumes no obligation to update or revise them to reflect new events or circumstances.