

# KARNALYTE RESOURCES INC. ANNOUNCES 2023 FIRST QUARTER RESULTS

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**SASKATOON, SK (CNW- May 11, 2023)** - Karnalyte Resources Inc. ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and corporate highlights for the first quarter ended March 31, 2023.

During the first quarter of 2023, Karnalyte continued to work diligently to advance the Company's Potash Project toward development.

Karnalyte remains focused on the update to its NI 43-101 compliant technical report, a key precursor to any mine construction. In the most recent quarter, this included work done by Karnalyte and its advisors to identify cost efficiencies, optimize construction and operation plans, and enhance project sustainability.

Wood PLC, a leading global consulting and engineering company, is the independent lead author of the update. Industry leading solution mining and engineering firm ERCOSPLAN ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN") is assisting with the project, including the update of the mineral resource estimation and the mine plan for brine field development as the basis for the mineral reserve estimate.

In addition, the Company's Proteos Nitrogen Project remains under consideration as part of Karnalyte's future and may diversify our business by adding a second fertilizer product line.

## OUTLOOK FOR 2023

In 2023, the Company plans to complete the update to its NI 43-101 technical report; to continue to work on identifying cost efficiencies, optimizing construction and operation plans, and enhancing project sustainability; and to increase business development activities to seek out and attract investment and strategic partners to move one or both of the Company's projects forward to development.

## 2023 FIRST QUARTER RESULTS

At March 31, 2023, the Company had cash of \$3.5 million and positive net working capital of \$3.2 million and no debt. Karnalyte's First Quarter 2023 Financial Statements and Managements' Discussion and Analysis are available at [www.sedar.com](http://www.sedar.com) and on Karnalyte's website at [www.karnalyte.com](http://www.karnalyte.com).

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

	March 31, 2023	March 31, 2022
Total revenue	-	-
Net and comprehensive loss	(386)	(419)

Basic and diluted per share	(0.01)	(0.01)
Total current assets	4,069	1,934
Total assets	9,740	7,826
Total liabilities	2,246	2,468
Total shareholders' equity	7,494	5,358

## ABOUT KARNALYTE RESOURCES INC.

Karnalyte Resources Inc. is a 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 TPY. 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 million TPY. 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 the continued strength of potash prices and obtaining financing.

## 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 that was commissioned in the year 2000, and two urea plants that were established in 1969, at its fertilizer production complex in Vadodara, Gujarat State, India.

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.

For further information, please contact:

Danielle Favreau  
Interim CEO  
Karnalyte Resources Inc.  
1(639) 638-2537  
info@karnalyte.com  
www.karnalyte.com

## **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](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 Company assumes no obligation to update or revise them to reflect new events or circumstances.