

KARNALYTE RESOURCES INC. ANNOUNCES 2024 THIRD QUARTER RESULTS AND CORPORATE HIGHLIGHTS

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SASKATOON, SK (CNW- November 6, 2024) - Karnalyte Resources Inc. ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and corporate highlights for the third quarter ended September 30, 2024.

Q3 2024 HIGHLIGHTS

UPDATE ON NATIONAL INSTRUMENT 43-101 COMPLIANT TECHNICAL REPORT

The Company continued to make progress on its NI 43-101 compliant technical report, a key precursor to any mine construction. In the third quarter, this included work on the equipment sourcing initiative that the Company previously announced. In pursuit of cost savings, the Company is analyzing cost efficiencies from sourcing certain equipment from overseas and expects to provide an update in the fourth quarter of the year. This initiative is being supported by our strategic partner, Gujarat State Fertilizers and Chemicals ("GSFC"). The cost savings initiative is being led by Wood PLC, a leading global consulting and engineering company that is the independent lead author of the update.

As previously announced, industry leading solution mining and engineering firm ERCOSPLAN ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN") is assisting with the technical report, including the update of the mineral resource estimation and the mine plan for brine field development as the basis for the mineral reserve estimate.

REVIEW OF DEVELOPMENT STRATEGY

During the quarter, the Company announced it will begin a review of its development strategy to evaluate the economic potential of increasing magnesium chloride production at the Company's Wynyard Project by developing the magnesium assets at the same time as the development of the potash project.

Carnallite, also known as hydrated potassium magnesium chloride, is abundant within the Company's mineral deposit. As part of its review, the Company has begun preliminary studies to evaluate the economic opportunity of developing carnallite for the co-production of magnesium chloride and potassium chloride. The aim is to significantly increase magnesium chloride production, compared to previous studies, through the use of advanced solution mining technologies.

Magnesium is listed as one of Canada's 34 critical minerals and is a key mineral in the clean technologies and advanced manufacturing value chains. Additionally, Magnesium chloride serves as a key raw material in the production of various chemicals, including magnesium metal, magnesium hydroxide, magnesium oxide, and magnesium carbonate. These chemicals are used in high-tech applications such as semiconductor manufacturing, lithium-ion battery production, and in industries including metallurgy, pharmaceuticals, agriculture and wastewater treatment, driving the demand for magnesium chloride.

Permanent Appointments of CEO and CFO

On August 14, the Company announced the appointment of Danielle Favreau as permanent Chief Executive Officer and Christie Gradin as permanent Chief Financial Officer of the Company.

Strategic Asset Sale of Surplus Equipment

During the quarter, the Company sold certain non-essential assets from its Wynyard Project as part of its ongoing efforts to optimize its business operations and advance the project. As a result of this sale, the company realized net proceeds of \$261,000.

OUTLOOK FOR 2024

In 2024, the Company's plans are as follows:

- Continue to make progress on the update to its NI 43-101 technical report;
- Continue to work on identifying cost efficiencies; and
- Continue work on its development strategy review.

2024 THIRD QUARTER RESULTS

At Sept 30, 2024, the Company had cash of \$1 million and positive net working capital of \$882,000 and no debt. Karnalyte's Third Quarter 2024 Financial Statements and Managements' Discussion and Analysis are available at www.sedarplus.com and on Karnalyte's website at www.karnalyte.com.

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

	Sept 30, 2024	Sept 30, 2023
Total revenue	-	-
Net and comprehensive loss	(280)	(229)
Basic and diluted per share	(0.01)	(0.00)
Total current assets	1,537	2,904
Total assets	7,190	8,568
Total liabilities	1,942	1,679
Total shareholders' equity	5,248	6,889

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. GSFC is the Company’s strategic partner and single largest shareholder.

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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.