

KARNALYTE RESOURCES INC. ANNOUNCES 2025 SECOND QUARTER RESULTS AND CORPORATE HIGHLIGHTS

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SASKATOON, SK (CNW - August 13, 2025) - Karnalyte Resources Inc. ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and corporate highlights for the second quarter ended June 30, 2025.

Q2 2025 HIGHLIGHTS

During the quarter, Karnalyte continued to advance its NI 43-101 compliant technical report, which remains a key milestone in demonstrating the value of the Company's assets and advancing toward mine development. While there have been no material changes since the last update, steady progress has continued on the review and refinement of key technical sections. The Company remains actively engaged with its team of qualified professionals to finalize the report's technical inputs, ensuring accuracy and alignment with industry standards.

The review team continues to validate and update core assumptions, including price forecasts and market entry strategies, to reflect current market conditions and strategic business objectives.

The report remains on track for completion in 2025, positioning Karnalyte for future corporate development opportunities. The Company remains committed to advancing its potash project, underpinned by strong global demand and a robust offtake agreement. Potash's role as a vital agricultural input continues to reinforce the Company's long-term value proposition.

REVIEW OF DEVELOPMENT STRATEGY

Karnalyte's review of its development strategy, initiated in 2024, remains on schedule and is expected to conclude in 2025. This strategic review focuses on assessing the economic potential of expanding magnesium chloride production at the Wynyard Project by developing magnesium resources alongside the Potash Project.

The Company is continuing its evaluation of the co-production of magnesium chloride and potassium chloride through advanced solution mining technologies. The underlying resource, carnallite (hydrated potassium magnesium chloride), is abundant within Karnalyte's mineral deposit. This ongoing analysis is aimed at unlocking additional value through the potential integration of magnesium chloride production into the existing project framework.

Magnesium is recognized as one of Canada's 34 critical minerals and is an essential mineral in the clean technologies and advanced manufacturing value chains.

ASSET SALES

In April 2025, the Company closed on the sale of three parcels of farmland that are not core to the focus on advancing the Potash Project. These three parcels sold for net proceeds totaling \$1,408,000. The proceeds

from the sale will be directed towards supporting the company's development activities, advancing its project plans and to fund working capital requirements.

CORPORATE & GOVERNANCE MATTERS

Election of two highly qualified directors

During the quarter, at its most recent annual meeting, Karnalyte shareholders elected Ms. Jennifer Haskey and Mr. Larry Long to the board as independent directors of the Company.

Ms. Haskey brings over 20 years of domestic and international experience in the energy sector, spanning both technical and commercial roles. She has served in advisory capacities with Deloitte LLP and BMO Capital Markets, where she focused on mergers and acquisitions, corporate strategy, value creation, and financial advisory. Her investment and business development expertise includes portfolio management roles at Passport Capital LLC and St Peter Port Capital, as well as corporate development at Repsol Oil & Gas Canada (formerly Talisman Energy Inc.). Earlier in her career, Ms. Haskey worked as a Reservoir Evaluations Engineer at McDaniel & Associates Consultants, primarily evaluating assets in the Western Canadian Sedimentary Basin. Ms. Haskey holds a Bachelor of Science in Mechanical Engineering from the University of Saskatchewan and currently serves on the Board of Kelt Exploration Ltd. (TSX:KEL).

Larry Long is retired following a distinguished career in the mining industry, most recently serving as Senior Vice President of Operations, Potash, at Nutrien—the world's largest provider of crop inputs and services. With over 35 years of industry experience, Mr. Long began his career in 1988 as a field geologist with Noranda in Bathurst, New Brunswick. Mr. Long held several key leadership roles, including Chief Geologist and Production Coordinator for Breakwater Resources in Nunavut and Superintendent of Open Pit Operations at BHP Billiton's Ekati Diamond Mine in the Northwest Territories. He later joined Nutrien (formerly PotashCorp), where he served as General Manager of both the Rocanville and Allan potash mines in Saskatchewan before rising to his senior executive position. In addition to his professional experience, Mr. Long currently serves on the board of the St. Paul's Hospital Foundation and on the campaign cabinet for Saskatchewan Polytechnic's Time to Rise campaign. He previously served as a board member and Chair of the Board for the Saskatchewan Mining Association.

Ms. Danielle Favreau, the Company's Chief Executive Officer, commented, "We are pleased to welcome Ms. Haskey and Mr. Long to the Karnalyte board and look forward to benefiting from their many years of experience in finance, engineering, geology and leadership - particularly in the investment banking and potash industries as we continue to pursue the development of the Wynyard Project."

At the Company's annual general meeting, incumbent directors Ritu Malhotra and Derek Hoffman concluded their terms on the board and did not seek re-election.

Ms. Malhotra, who joined the board in 2023 and brought significant experience in engineering and leadership as the President and CEO of March Consulting Associates. Ms. Favreau expressed appreciation, stating: "*Ms. Malhotra has been a very valuable member of the Board of Directors and Karnalyte wishes to express its sincere thanks for her significant contributions.*"

Mr. Hoffman, who joined the board in 2021, contributed deep expertise in the legal and mining sectors, having served as a Partner and leader of the mining group at Miller Thompson LLP, as well as in-house counsel for the global mining company BHP. Ms. Favreau commented *“Karnalyte sincerely thanks Mr. Hoffman for his dedicated service and the meaningful impact he has made as a member of the Board of Directors.”*

With the election of Ms. Haskey and Mr. Long and the concurrent retirement of incumbent directors Ms. Malhotra and Mr. Hoffman, the board continues to consist of five directors, all of whom are independent for the purpose of National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

OUTLOOK FOR 2025

In 2025, Karnalyte Resources Inc. plans to:

- complete the update to its NI 43-101 technical report;
- complete the review of its development strategy; and
- optimize construction and operation plans and enhance project sustainability.

The Company will continue to optimize its asset portfolio, ensuring efficient resource allocation to support project development. Additionally, the Company will intensify its business development activities, seeking strategic partnerships and investment opportunities to advance its projects and move them forward to development. Karnalyte is committed to delivering value to its stakeholders through strategic initiatives, disciplined financial management, and sustainable growth.

2025 SECOND QUARTER RESULTS

At June 30, 2025, the Company had cash of \$0.9 million and positive working capital of \$0.9 million. The Company has no debt. Karnalyte's Second Quarter 2025 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.

	June 30, 2025	June 30, 2024
Total revenue	-	-
Net and comprehensive loss	511	(510)
Basic and diluted per share	0.01	(0.01)
Total current assets	1,562	1,739
Total assets	6,786	7,395
Total liabilities	2,247	2,142
Total shareholders' equity	4,539	5,253

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 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 development stage 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 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 Plus website (www.sedarplus.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.