

# KARNALYTE RESOURCES INC. ANNOUNCES 2025 YEAR END RESULTS AND PROVIDES CORPORATE UPDATE

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SASKATOON, SK (CNW- March 27, 2026) - Karnalyte Resources Inc. ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and corporate highlights for the financial year ended December 31, 2025.

## 2025 HIGHLIGHTS

- Completion of updated feasibility study and National Instrument 43-101 ("NI 43-101") technical report entitled "NI 43-101 Technical Report on the Feasibility Study of the Wynyard Project, Saskatchewan, Canada" (the "Feasibility Study") confirming a 70-year projected mine life for the Wynyard Project
- After-tax NPV of \$2.04 billion (8% discount rate) and IRR of 12.5% demonstrating strong project economics
- Planned production of 2.175 million tonnes per year of potash and 104,000 tonnes per year of hydromagnesite at full production
- NI 43-101 technical report filed on SEDAR+ on January 7, 2026
- Sale of non-core farmland assets generating approximately \$1.4 million in net proceeds
- Resolved outstanding legal matters, eliminating previously disclosed contingent liabilities.

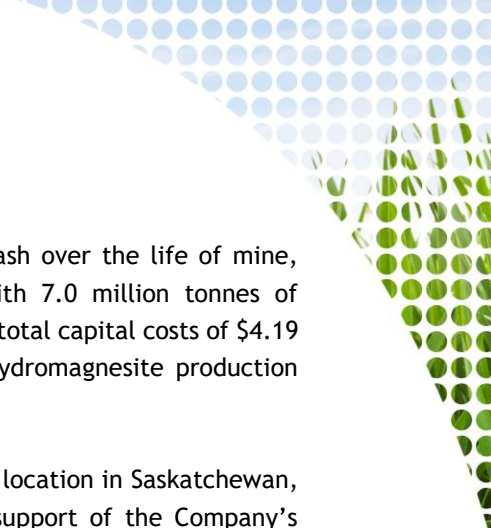
"In 2025, Karnalyte achieved a major milestone with the completion of the updated feasibility study for the Wynyard Project," said Danielle Favreau, Chief Executive Officer of Karnalyte Resources. "The study confirms the strength of our resource, the long life of the project and the positive economics supporting its development. With a strong technical foundation and our strategic partnership with GSFC, Karnalyte is well positioned to advance the project and pursue opportunities that create long-term value for our shareholders."

## COMPLETION OF THE FEASIBILITY STUDY

In 2025, the Company completed its Feasibility Study, a major milestone in demonstrating the value of Karnalyte's mineral assets and advancing the project toward development. The Feasibility Study, effective November 26, 2025, was prepared by Wood Canada Limited, ERCOSPLAN Ingenieurgesellschaft, RESPEC Consulting Inc., and March Consulting Associates Inc.

The Feasibility Study, effective November 26, 2025, and filed on SEDAR+ on January 7, 2026, confirmed a projected 70-year mine life and positive project economics, providing a strong foundation for the future development of the Wynyard Project. The study demonstrated an after-tax net present value of \$2.04 billion at an 8% discount rate and an after-tax internal rate of return of 12.5%, supporting the long-term value proposition of the Company's potash and magnesium-bearing resource.

The Feasibility Study includes updated mineral resource and mineral reserve estimates for the Wynyard deposit. Proven and probable mineral reserves were estimated at 777.1 million tonnes grading 53.8% carnallite and 5.2% sylvite, equivalent to average grades of 12.4% K<sub>2</sub>O and 7.8% MgO.



The Feasibility Study outlines planned production of 142.2 million tonnes of potash over the life of mine, equivalent to 2.175 million tonnes per annum at full production, together with 7.0 million tonnes of hydromagnesite, equivalent to 104,000 tonnes per annum. The study contemplates total capital costs of \$4.19 billion, including potash processing facilities developed in three phases and a hydromagnesite production facility.

The study highlights the strategic advantages of the Wynyard Project, including its location in Saskatchewan, access to infrastructure and established potash transportation routes, and the support of the Company's secured offtake agreement with Gujarat State Fertilizers and Chemicals Limited (“GSFC”). The Company believes the completion of the Feasibility Study marks a pivotal step in advancing the Wynyard Project toward development and supporting future corporate development, financing and partnership opportunities.

### **POTASH MARKET UPDATE**

Global fertilizer markets have been experiencing volatility in 2026 due to geopolitical developments and supply chain disruptions. Escalating conflict in the Middle East has affected global fertilizer trade and contributed to increases in natural gas prices, an important input in fertilizer production. The region plays a significant role in global fertilizer markets and disruptions to exports and shipping routes, such as the Strait of Hormuz, have raised concerns about supply availability during a critical agricultural period.

While these developments primarily affect nitrogen and phosphate fertilizer supply chains, they underscore the importance of stable potash supply from jurisdictions such as Saskatchewan. Potash remains an essential nutrient for crop production and global food security. Long-term demand continues to be supported by population growth, the need to increase agricultural productivity, and the ongoing requirement to replenish soil nutrients.

In February 2026, the Governments of Canada and India announced a renewed commitment to strengthen collaboration in the fertilizer sector to support long-term agricultural and food security objectives. Karnalyte believes this collaboration highlights the strategic importance of Canadian potash in global markets and reinforces the long-term demand outlook for potash, including supply to key markets such as India. The Company believes its strategic relationship with GSFC, a leading Indian fertilizer company and major shareholder of Karnalyte, positions the Wynyard Project to participate in this growing demand.

### **REVIEW OF DEVELOPMENT STRATEGY**

Karnalyte's review of its development strategy, initiated in 2024, continued throughout 2025. This strategic review focuses on assessing the economic potential of expanding magnesium-related production at the Wynyard Project by developing magnesium resources alongside the potash project.

The Feasibility Study confirms the Wynyard Project's ability to produce hydromagnesite from a portion of the magnesium chloride-rich end brine generated through potash production, with planned capacity of up to 104,000 tonnes per annum of hydromagnesite. In addition, the Company continues to evaluate the potential for other magnesium-based products, including magnesium chloride brine, magnesium chloride hexahydrate, magnesium hydroxide and magnesium oxide, and the possible future production of magnesium metal, subject to further analysis and market evaluation.

The Company believes the Wynyard Project’s underlying carnallite resource presents an opportunity to unlock additional long-term value through the integration of magnesium products alongside potash production. While the timeline for completing the broader development strategy review was extended during the year to prioritize the Feasibility Study, the completion of that report now provides an enhanced technical and economic basis for continued strategic evaluation.

#### **ASSET SALES**

In April 2025, the Company completed the sale of three parcels of farmland that were not core to its focus on advancing the Wynyard Project. The parcels were sold for net proceeds of approximately \$1.4 million.

The proceeds from the sale were directed toward supporting the Company’s development activities, advancing project planning and funding working capital requirements.

The Company intends to sell additional parcels of farmland in compliance with an updated exemption order the Company received from the Saskatchewan Farm Land Security Board on March 24, 2026.

#### **OUTLOOK FOR 2026**

In 2026, Karnalyte will focus on advancing the Wynyard Project. Key priorities for the Company include:

- advancing project development planning and operational readiness activities.
- progressing the development strategy review for magnesium-related opportunities.
- pursuing strategic partnerships, financing initiatives and business development opportunities to support project advancement; and
- continuing to optimize operations and capital allocation.

Recent announcements regarding enhanced fertilizer sector collaboration between Canada and India further highlight the strategic importance of potash in supporting global food security and agricultural productivity. The Company believes that these developments, together with its strategic partnership and offtake agreement with GSFC, reinforce the long-term market opportunity for the Wynyard Project.

Karnalyte believes the Feasibility Study provides a strong technical and economic foundation for the next stage of development of the Wynyard Project. The Company will continue to build on this milestone by advancing commercial, technical and strategic initiatives intended to move the Wynyard Project toward development and deliver long-term value to stakeholders.

#### **2025 YEAR END RESULTS AND SELECTED ANNUAL INFORMATION**

On December 31, 2025, the Company had cash of \$.4 million, a positive working capital of \$.2 million, and no debt.

The following information has been summarised from the Company’s audited financial statements. Karnalyte’s 2025-year end financial statements, management’s discussion and analysis, and annual information form are available at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company’s website at [www.karnalyte.com](http://www.karnalyte.com).

#### **Selected annual results (CAD \$ thousands)**

<b>Year ended December 31</b>		
<b>2025</b>	<b>2024</b>	<b>2023</b>

Total revenue	-	-	-
Interest and other income	27	67	133
Net and comprehensive loss	(992)	(1,724)	(1,448)
Basic and diluted per share	(0.02)	(0.03)	(0.03)
Total current assets	701	1,225	2,716
Total assets	5,918	6,875	8,378
Total current liabilities	551	721	572
Total liabilities	2,293	2,292	2,108
Total shareholders' equity	3,625	4,583	6,270

#### **ABOUT KARNALYTE RESOURCES INC.**

Karnalyte Resources Inc. is a development stage potash company. Karnalyte owns the Wynyard Project, with planned Phase 1 production of 675,000 t/a of high grade granular potash, and two subsequent phases of 750,000 t/a each, taking total production up to 2.175 million t/a. All environmental permits remain valid, preliminary detailed engineering is complete, and the existing Offtake Agreement with GSFC remains in effect. Karnalyte is also considering opportunities relating to secondary magnesium compounds. Further development is dependent on the continued strength of potash prices and obtaining financing.

#### **ABOUT GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED**


GSFC is a leading Indian Fortune 500 chemicals and fertilizer company that has been in business for more than 60 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.

For further information, please contact:

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#### **FORWARD-LOOKING STATEMENTS**

Certain statements in this press release constitute "forward-looking information" or "forward-looking statements" (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities legislation. Forward-looking statements relate to future events or future performance and reflect the Company's current expectations, beliefs, and assumptions regarding future events. Forward-looking statements are often, but not always, identified by the use of words or phrases such as "accelerate", "advance", "anticipate", "believe", "budget", "continue", "could", "estimate", "expect", "forecast", "future", "guidance", "intend", "may", "objective", "ongoing", "outlook", "plan", "potential", "predict", "project", "pursue", "schedule", "seek", "should", "strategy", "target", "will", "would", or similar words or phrases suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.




Forward-looking statements in this press release include, but are not limited to, statements with respect to: the anticipated development, construction, and operation of the Wynyard Potash Project; the results of the Technical Report, including projected mine life, production capacity, capital and operating costs, net present value, internal rate of return, and other economic metrics; estimated Mineral Resources and Mineral Reserves; planned production of potash and hydromagnesite; the Company's ability to obtain financing for the development of the Wynyard Potash Project; the Company's expectations regarding the potash and hydromagnesite markets, including demand, pricing, and competition; the Company's ability to obtain and maintain required permits, licences, and approvals; the Company's relationship with GSFC and the performance of the Offtake Agreement; the review of the Company's development strategy, including the assessment of magnesium chloride co-production; the status and potential resumption of the Proteos Nitrogen Project; the Company's expectations regarding its business strategy, plans, and objectives; expectations regarding the Company's ability to continue as a going concern; and expectations regarding future general and administrative expenses, cash flows, and working capital requirements.

Forward-looking statements are based on a number of material factors and assumptions which management believes to be reasonable at the time, including but not limited to:

- potash and hydromagnesite prices will be consistent with the assumptions set out in the Technical Report;
- the Company obtains the additional financing required to develop the Wynyard Potash Project;
- the Company executes its project development plans in a manner consistent with the Technical Report, including estimated total initial capital expenditures of approximately \$4.19 billion;
- estimates of Mineral Resources and Mineral Reserves as set out in the Technical Report are accurate;
- the three-phase production ramp-up from 675,000 TPY to 1,425,000 TPY to 2,175,000 TPY of potash is achieved in accordance with the projected timeline;
- the hydromagnesite market can absorb annual production of 104,000 TPY without material adverse impact on pricing;
- the Company continues to hold title to the Karnalyte Property and such title is not challenged or impacted in any material manner;
- the Company is able to obtain and maintain required approvals, licences, and permits, including any extensions to the Environmental Impact Statement, in a timely manner;
- the GSFC Offtake Agreement remains in effect and is performed as anticipated;
- the Company's key senior management continue in their respective roles;
- if the Company resumes the Proteos Nitrogen Project, the Company is able to successfully develop and market nitrogen fertilizer products;
- the Company is able to successfully develop and market magnesium products;
- environmental and other applicable laws and regulations are not amended, repealed, or applied in a manner that materially impacts the development and operation of the Wynyard Potash Project;
- the future mining and processing facilities operate as anticipated in the Technical Report; and
- the Company is able to develop and maintain the infrastructure required to produce, store, and transport its products.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause actual results, performance, or achievements to be materially different from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, those discussed under the



heading "Financial Risk Factors" in this press release and those set out under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2025, including: exploration, development and operation risks related to the Wynyard Potash Project; the ability to secure adequate financing; the uncertainty regarding the estimation of Mineral Resources and Mineral Reserves; the lack of current revenues; the unproven nature of solution mining of carnallite in Saskatchewan; permit and licensing requirements; the Company's ability to satisfy its material agreements, including the Offtake Agreement; the potential loss of key employees or technical experts; the potential for dilution of shareholders through future financings; the risks associated with the hydromagnesite process design and market development; environmental and regulatory risks; the volatility of potash and magnesium prices; competition; and currency exchange rate fluctuations.

Such forward-looking statements are based on a number of material factors and assumptions, including: the stabilization of the global potash industry and market; the Company obtains additional financing in the future; the Company executes its project development plans in a manner consistent with the Technical Report; the Company executes its discounted cash flow model assumptions as described in the Technical Report; estimates of mineral resources and mineral reserves in the Technical Report are accurate; full potash production is reached; that the Company continues to have rights to the property subject to subsurface mineral leases KL 246, KL 247A and KLSA 010, and such rights are not challenged or impacted in any material manner; that the Company is able to obtain required approvals, licences and permits, in a timely manner; the Company is able to successfully develop and market magnesium products; the Company's key senior management continue in their respective roles with the Company; the Company's intellectual property is not challenged; the Company does not become subject to litigation; the Company's ability to meet its obligations under the Offtake Agreement; environmental and other applicable law and other regulations are not amended, repealed or applied in a manner that impacts the development and operation of the Wynyard Project as currently anticipated; there are no adverse changes to the price of potash or magnesium that would adversely affect the prospects for developing and operating the Wynyard Project, or making it inadvisable or uneconomic to proceed with development; the future mining operations operate as anticipated; the Company's ability to maintain and develop positive relationships with foreign governments and future business partners; the Company is able to develop and maintain the infrastructure required to export, store and transport its potash or magnesium production; there are no comparable mining companies targeting carnallite in North America; and the continued existence and operation of the primary potash production facility.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Financial Risk Factors" elsewhere in this press release and the risk factors discussed under the "Risk Factors" section of the Annual Information Form.

Although the forward-looking statements contained in this press release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release 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.

Further information about the factors affecting forward-looking statements is available in Karnalyte's Annual Information Form and the audited annual financial statements for the year ended December 31, 2025, which have been filed with Canadian provincial securities commissions and are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).