

Karnalyte Resources Inc. Provides Update on the Proteos Nitrogen Project

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SASKATOON, July 30, 2018 /CNW/ - [Karnalyte Resources Inc.](#) ("Karnalyte" or the "Company") (TSX: KRN) today provides an update on the status of its Proteos Nitrogen Project.

Proteos Nitrogen Project

Karnalyte has initiated several component parts of the pre-feasibility study on the Proteos Nitrogen Project (the "Project") designed to explore the technical and economic viability of the proposed project, including an invitation for expressions of interest on the technical and economic aspects of the project, an independent market analysis, and due diligence on a number of project sites.

Expression of Interest

Karnalyte has today issued, through its strategic partner Gujarat State Fertilizers & Chemicals Limited ("GSFC"), an invitation for expressions of interest ("EOI") from a select group of international technology providers and engineering, procurement and construction contractors, for developing the Project on a lump sum turn-key basis.

Mr. Frank Wheatley, President of Karnalyte, commented that: "We are pleased to have reached this early milestone in the development of the Proteos Nitrogen Project by working together with our strategic partner GSFC, and being able to take advantage of their 5 decades of experience in nitrogen fertilizer production."

The scope of work covered by the EOI includes all phases of development, from basic engineering, through detailed engineering, procurement, construction, commissioning and satisfaction of all relevant performance and completion tests, including facilities and infrastructure, together with an estimate of total capital costs for the project. Karnalyte / GSFC have requested that EOIs be provided on or before August 20, 2018. After receipt, Karnalyte / GSFC will review the EOIs with a view to developing a short list of technology providers / contractors to receive a formal Request For Proposal ("RFP") for development of the Project on an EPC basis.

Independent Market Analysis

Karnalyte has retained Integer Research Ltd. ("Integer Research") to undertake a first phase independent market study of the nitrogen fertilizer industry in North America, with particular focus on Central Canada. The purpose of the study is to validate Karnalyte's internal market analysis, and Karnalyte anticipates receiving the first phase report in September 2018. Should the outcome for the Project in the first phase study be positive, Karnalyte intends to retain Integer Research to undertake a second phase study in order to support discussions regarding project financing for the Project.

About Integer Research

Integer Research is an internationally recognized independent consultant to the fertilizers and chemicals industry that provides market studies, including supply/demand, trade and cost analysis and price forecasts. With respect to nitrogen, they offer capabilities across the nitrogen value chain, including analysis of ammonia, urea, UAN, and other nitrogen products. They produce market documentation for lenders and banks in support of project financing for greenfield and brownfield fertilizer projects. Through their offices in London, Beijing, and Tokyo, Integer Research offers consultancy services and industry insight to fertilizer and chemicals markets worldwide.

Project Site

Karnalyte is currently undertaking due diligence on a number of potential project sites located in Central Saskatchewan. Karnalyte's project site selection criteria, which include adequate space for the initial development, as well as for potential expansion, together with proximity to all requisite infrastructure, including natural gas, power, water, rail and highway.

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 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 base 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. The project has 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 an existing offtake agreement with Gujarat State Fertilizers & Chemicals Limited remains in effect. Further development is contingent 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-km 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 over 26 years.

About Gujarat State Fertilizers & Chemicals Limited

Gujarat State Fertilizers & Chemicals Limited ("GSFC") is a leading Indian Fortune 500 chemicals and fertilizer company. GSFC 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 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.

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", 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. With the exception 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 subsequent events or circumstances.

SOURCE [Karnalyte Resources Inc.](http://www.karnalyte.com)

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