

# Karnalyte Resources Inc. and Gujarat State Fertilizers & Chemicals announce strategic investment and off-take agreement

10.01.2013 | [CNW](#)

*(all dollar figures expressed in Canadian dollars)*

CALGARY, Jan. 10, 2013 /CNW/ - [Karnalyte Resources Inc.](#) ("Karnalyte") (TSX:KRN) and Gujarat State Fertilizers & Chemicals Limited ("GSFC") (BSE:500690, NSE:GSFC, CSE:GSFC), a publicly-traded Indian agribusiness company focused on the production and sale of fertilizers and industrial products, announced today that:

- GSFC will make a strategic investment of approximately \$45 million in Karnalyte at a price of \$8.15 per common share of Karnalyte ("Common Shares"), which will result in GSFC holding a 19.98% ownership stake in Karnalyte; and
- Karnalyte and GSFC have agreed to a committed off-take agreement for the purchase of approximately 350,000 tonnes per year ("TPY") of potash from Phase 1 of Karnalyte's Wynyard Carnallite Project (the "Project"), increasing to 600,000 TPY with the commencement of Phase 2. The off-take agreement will continue for approximately 20 years from the commencement of commercial production of Phase 1.

"GSFC's strategic investment and entering into the off-take agreement will support Karnalyte's growth strategy of constructing its potash production facility and commercializing a superior potash product," said Robin Phinney, President and CEO of Karnalyte. "This investment by GSFC is a significant milestone for Karnalyte and establishes Karnalyte as a leader among the new class of potash developers. We are confident that GSFC's strategic investment and committed off-take agreement will be instrumental in the future success of the Project."

Atanu Chakraborty, IAS, Managing Director of GSFC commented, "At present, India is fully dependent on imports of potash. This is a significant partnership by an Indian fertilizer manufacturing company with a potash mining company abroad to procure high quality potash for the Indian market. Karnalyte is ahead of other junior potash mining companies in Canada in terms of expected commissioning of the Project. For GSFC, an assured supply will help in expanding its portfolio of fertilizers."

## Strategic Investment

GSFC will subscribe for 19.98% of the issued and outstanding Common Shares after giving effect to this transaction at a price of \$8.15 per Common Share in a non-brokered private placement (the "Private Placement") for total gross proceeds of approximately \$45 million. Based on its current issued and outstanding common share capital, Karnalyte will issue approximately 5,490,000 Common Shares to GSFC upon closing of the Private Placement. The proceeds from the Private Placement may be subject to escrow pending Karnalyte receiving final approval of its environmental impact statement ("EIS") from the Saskatchewan Ministry of the Environment ("MOE") under the Saskatchewan Environmental Assessment Act. Karnalyte's public consultation for the EIS commenced on December 29, 2012 and is expected to conclude on January 28, 2013. Following the public consultations, Karnalyte expects to receive final approval from the Saskatchewan MOE shortly thereafter.

The Common Share issue price of \$8.15 is based on a 20% premium to the volume weighted average price of Karnalyte's Common Shares traded on the Toronto Stock Exchange ("TSX") for the 20 trading days ended December 20, 2012. The issue price is subject to an adjustment if commercial production has not commenced on or before October 1, 2016, which may be satisfied by the issuance of an additional 555,555 Common Shares by Karnalyte to GSFC at that time.

Pursuant to the terms of the Subscription Agreement, GSFC shall have the right to appoint one nominee to the board of directors of Karnalyte. In addition, GSFC retains the right to maintain its equity position in future equity offerings and has agreed to commit approximately \$15 million in the next rounds of public equity financing by Karnalyte to finance the construction of Phase 1 of the Project.

## **Off-take Agreement**

Subject to the terms of the off-take agreement, upon commencement of commercial production, GSFC will be committed to buy 350,000 TPY of potash from Karnalyte, increasing to 600,000 TPY of potash as capacity at the Project increases during Phase 2, for a period of approximately 20 years on a take or pay basis.

## **Closing**

Closing of the Private Placement (and the coming into effect of the off-take agreement) is subject to customary closing conditions including the receipt of all regulatory approval, including the approval of the TSX. It is anticipated that the closing will take place on or about February 25, 2013. If MOE approval of the EIS is not received by May 31, 2013, then either party can terminate the strategic investment and off-take agreement. All Common Shares distributed pursuant to the Private Placement will be subject to a hold period of four months following closing in accordance with applicable Canadian securities laws.

## **Advisors**

Karnalyte was advised by BMO Capital Markets on this transaction. Burstall Winger LLP and Goodmans LLP act as legal counsel to Karnalyte.

GSFC was advised on financial matters by PricewaterhouseCoopers Private Limited, and by Amarchand & Mangaldas & Suresh A. Shroff & Co. and Torys LLP on legal matters.

## **Conference Call**

Karnalyte will host a conference call on Thursday, January 10, 2013 at 10:00 a.m. Eastern time to discuss the strategic investment and off-take agreement with GSFC and then take questions from securities analysts and institutional investors. Interested parties may access the conference call by dialing 1 (647) 427-7450 or 1 (888) 231-8191. Please connect approximately 10 minutes prior to the beginning of the call. The conference call will be archived for replay until Thursday, January 17, 2013 at midnight. To access the archived conference call, dial 1 (416) 849-0833 or 1 (855) 859-2056 and enter the reservation number 86582242 followed by the number sign.

## **About Gujarat State Fertilizers & Chemicals**

GSFC, founded in 1962, is a publicly traded agribusiness company focusing on the production and sale of fertilizers and industrial products in India. In addition to marketing fertilizers and agri-inputs to nine states throughout India, GSFC also operates a research and development centre and develops new fertilizer products as well as a variety of other chemicals and materials, as well as applications for its various industrial products at its Applications Development Centre.

## **About Karnalyte Resources Inc.**

[Karnalyte](#) is engaged in the business of exploration and development of high quality agricultural and industrial potash and magnesium products. Karnalyte intends to develop and extract a carnallite-sylvite mineral deposit through a known solution mining process at competitive costs and with minimal environmental impact. Using a staged approach to potash plant construction, Karnalyte plans to operate a solution mining facility that will initially produce 625,000 TPY of potash, increasing to 2.125 million TPY of potash. Karnalyte owns a 100% interest in Subsurface Permit KP 360A and Subsurface Mineral Lease KLSA-010 located near Wynyard, Saskatchewan, comprising a total of 85,126 acres.

## **Forward-Looking Statements**

*This press release contains forward-looking statements. More particularly, this press release contains statements concerning Karnalyte's off-take agreement with GSFC and GSFC's strategic investment. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Karnalyte, including with respect to the ability of Karnalyte to obtain the approval of the MOE, the closing of the transactions described herein, the ability of Karnalyte to raise additional*

*financing to complete construction of the Project, and the ability to produce potash from future operations. Although Karnalyte believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Karnalyte can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory approvals (including the approval of the MOE), the failure to raise additional financing, risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), potash prices and exchange rate fluctuations. The forward-looking statements contained in this document are made as of the date hereof and Karnalyte undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

**For further information:**

[Karnalyte Resources Inc.](#)

Robin Phinney, President & Chief Executive Officer

Ron Love, Executive Vice-President & Chief Financial Officer

Telephone: (403) 995-6560

E-mail: [info@karnalyte.com](mailto:info@karnalyte.com)

Website: [www.karnalyte.com](http://www.karnalyte.com)

---

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/148600--Karnalyte-Resources-Inc.-and-Gujarat-State-Fertilizers-und-Chemicals-announce-strategic-investment-and-off-take>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

---

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!  
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).