

Karnalyte Resources Inc. Announces 2024 Second Quarter Results And Corporate Highlights

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BOARD APPOINTS PERMANENT CEO AND CFO

[Karnalyte Resources Inc.](#) ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and corporate highlights for the second quarter ended June 30, 2024.

The Company also announced the appointment of Danielle Favreau as permanent Chief Executive Officer and Christie Gradin as permanent Chief Financial Officer of the Company.

"We are very pleased to share the news of the permanent appointments of Ms. Favreau and Ms. Gradin," said Sanjeev Varma, Chair of the Board of Karnalyte. "Both Danielle and Christie have demonstrated exceptional and dedicated leadership in their roles as interim CEO and CFO. We look forward to their future success as our management team continues to advance the Company's Wynyard Project toward development."

Danielle Favreau, Chief Executive Officer, said "I would like to thank the Board and our small but dedicated team for their confidence and trust in my leadership. I look forward to continuing our work together to achieve our long-term objectives of becoming a low-cost producer of premium granular potash."

Q2 2024 HIGHLIGHTS

The Company continued to make progress on its NI 43-101 compliant technical report, a key precursor to any mine construction. In the second quarter, this included work done by Karnalyte and its advisors to

- Identify cost efficiencies,
- Optimize construction and operation plans; and
- Enhance project sustainability.

In the second quarter, Karnalyte made progress on the equipment cost savings initiative that the Company previously announced. Through this work, the Company anticipates potential cost savings from sourcing certain equipment from overseas. The Company will provide further details in the second half of the year. Our strategic partner, Gujarat State Fertilizers and Chemicals ("GSFC"), continues to support the project and Wood PLC continues to lead it.

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.

The Company also continues to explore product diversification related to the development of the Magnesium operations given that this mineral is on the critical minerals list in Canada and worldwide.

The Company's Proteos Nitrogen Project also remains under consideration as part of Karnalyte's future and may diversify our business by adding a second fertilizer product line.

CORPORATE & GOVERNANCE MATTERS

Election of a highly qualified director

During the quarter and at its most recent annual meeting, Karnalyte shareholders elected Mr. Sanjeev Varma to the board as an independent director of the Company. Mr. Varma previously served as a director at Karnalyte from 2015 to 2020.

Mr. Varma is currently serving as the Executive Director (Agri Business) at GSFC, where he has worked for over 34 years in various roles. Prior to his current role, he served in the finance department for more than 10 years heading project financing, budgeting, financial control and corporate debt restructuring. He also led the project development department for five years. Throughout his time at GSFC, he has led other core functions including engineering services, marketing and business development. He is a seasoned technological commercial senior executive of GSFC's petrochemical and fertilizer complex. In addition, he has served on the boards of many Indian companies and two foreign joint ventures for several years. Mr. Varma obtained his Bachelor of Engineering degree from Sardar Patel University, Gujarat, India in 1990 and joined GSFC as a Trainee Engineer. While serving at GSFC, he obtained his Master of Business Administration (Finance) in 2002 from MS University Baroda where he received recognition for academic achievement.

Ms. Danielle Favreau, the Company's Chief Executive Officer, commented, "We are pleased to welcome back Mr. Varma to the Karnalyte board and look forward to the positive impact his many years of experience in leadership, engineering services, project and business development will have on our Company's future success."

Long-serving director Mr. Vishvesh Nanavaty retired from his position as a director on the board, which he held for over a decade. Mr. Nanavaty joined Karnalyte's board in 2013 following GSFC's investment in the Company. He previously served as the Executive Director and Chief Financial Officer of GSFC, and has held a previous role as Company Secretary.

"Mr. Nanavaty has been an extremely valuable member of the Board of Directors and on behalf of the Company, I offer my sincere thanks to him for his significant contributions and dedicated leadership over the past ten years," said Ms. Favreau. "We wish him all the best in his retirement."

With the election of Mr. Varma and the concurrent retirement of incumbent director Mr. Nanavaty, 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.

Strategic Asset Sale of Surplus Equipment

On August 1, 2024, the Company announced it is pursuing the sale of certain non-essential assets from its Wynyard Project as part of its ongoing efforts to optimize its business operations and advance the project.

Assets for sale include a loader, skid steer, rig mats, miscellaneous office supplies and equipment. The proceeds from the asset sale will be reinvested into Karnalyte's Wynyard Project Development Activities.

OUTLOOK FOR 2024

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

- Complete the update to its NI 43-101 technical report;
- Continue to work on identifying cost efficiencies, optimizing construction and operation plans, maximizing the plant layout and enhancing project sustainability; and
- Continue business development activities to seek out and attract investment and strategic partners to move the Company's projects forward to development.

Executive Biographies

Danielle Favreau
CPA, CA, Chief Executive Officer

Danielle Favreau was appointed Interim Chief Executive Officer of Karnalyte Resources Inc. in September of 2019. She had served as the Company's Chief Financial Officer since December 31, 2015 and prior to that was the Company's Corporate Controller. Prior to joining Karnalyte, Danielle served as an Audit Manager and HR Manager at Virtus Group LLP. She has also served as Controller at Great Western Minerals Group and served many mining clients with Deloitte in Saskatoon, Saskatchewan. Ms. Favreau has a Bachelor of Commerce degree from the University of Saskatchewan and a CPA, CA designation from CPA Saskatchewan. Ms. Favreau served as a director of the Mendel Art Gallery and the Remai Modern in Saskatoon, serving on the audit and finance committees of both organizations. She is currently serving as the Past Chair with the Saskatoon Community Foundation.

Christie Gradin
CPA, CA, Chief Financial Officer

Christie Gradin was appointed interim Chief Financial Officer of Karnalyte Resources Inc. in July of 2020. Ms. Gradin brings extensive expertise, business acumen and senior financial management experience to Karnalyte having held numerous senior financial and management positions in both private and publicly traded companies. Most recently she served as the Director of Finance and Administration at SED Systems, a division of Calian Inc. She also has experience in the insurance and financial services industries. Ms. Gradin is currently the CEO of Christie Gradin, CPA P.C. Inc., providing CFO services to multiple organizations and industries. At the University of Saskatchewan, Ms. Gradin obtained her Bachelor of Commerce degree, with Great Distinction, and a Masters of Professional Accounting. She is a CPA, CA.

2024 SECOND QUARTER RESULTS

At June 30, 2024, the Company had cash of \$1.2 million and positive net working capital of \$1.1 million and no debt. Karnalyte's Second Quarter 2024 Financial Statements and Managements' Discussion and Analysis are available at www.sedar.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, 2024	June 30, 2023
Total revenue	-	-
Net and comprehensive loss (500)		(390)
Basic and diluted per share (0.01)		(0.01)
Total current assets	1,739	3,335
Total assets	7,395	9,003
Total liabilities	1,878	1,896
Total shareholders' equity	5,009	7,107

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.

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 also 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", "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.

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SOURCE Karnalyte Resources Inc.

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