

# Karnalyte Resources Inc. Announces 2026 First Quarter Results

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[Karnalyte Resources Inc.](#) ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and corporate highlights for the first quarter ended March 31, 2026.

## Q1 2026 HIGHLIGHTS

During the quarter, Karnalyte advanced key initiatives supporting the continued development of the Wynyard Project.

On January 7, 2026, the Company filed an updated National Instrument 43-101 technical report (the "Technical Report" or "Feasibility Study") on SEDAR+, marking an important milestone in advancing the Wynyard Project and supporting future development and financing activities.

The Company also progressed its review of its development strategy including the evaluation of proposals to advance the magnesium opportunity associated with the Wynyard deposit. This includes consideration of a concept study for potential magnesium metal production, reflecting efforts to enhance and optimize the value of its resource base.

The Company is encouraged by developments in the quarter with respect to commitments made by the Governments of Canada and India to collaborate in the fertilizer sector and strengthen partnerships supporting long-term food and agriculture security. The Company believes these commitments will strengthen the demand for Canadian potash and support the sector's long-term growth.

To support the development planning and operational readiness of the Wynyard Project, the Company initiated a rail study to evaluate infrastructure requirements, including advancing the design of a rail spur connecting the project site to the Canadian Pacific Kansas City Limited ("CPKC") main line.

In parallel, the Company is reviewing proposals to enhance business development activities in support of advancing project financing initiatives.

## ASSET SALES

Subsequent to the quarter end, Karnalyte sold two parcels of land in the Wynyard area for net proceeds of approximately \$1.09 million. The Company also obtained options on these parcels to plan, develop and lease areas necessary for the development of well pads and related facilities to support the planned solution mining operations.

These activities are part of the Company's ongoing efforts to optimize its asset portfolio and ensure that land holdings align with development 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 continue to advance the development of the Wynyard Project through ongoing technical, infrastructure, and strategic initiatives. The key priorities for the Company include:

- further refinement of its development plans.
- advancing supporting studies, including infrastructure planning such as rail access.
- 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.

Karnalyte remains committed to advancing its projects in a manner that supports long-term value creation for stakeholders, while aligning with evolving market conditions and global demand for fertilizer and critical minerals.

## 2026 FIRST QUARTER RESULTS

At March 31, 2026, the Company had cash of \$0.1 million and negative working capital of \$0.4 million and no debt. Karnalyte's First Quarter 2026 Financial Statements and Managements' Discussion and Analysis are available at [www.sedarplus.com](http://www.sedarplus.com) and on Karnalyte's website at [www.karnalyte.com](http://www.karnalyte.com).

The following information has been summarised from the Company's Condensed Interim Unaudited Financial Statements.

|                                    | March 31, 2026 | March 31, 2025 |
|------------------------------------|----------------|----------------|
| Total revenue                      | -              | -              |
| Net and comprehensive loss (565)   |                | (564)          |
| Basic and diluted per share (0.01) |                | (0.01)         |
| Total current assets               | 646            | 1,464          |
| Total assets                       | 5,860          | 6,691          |
| Total liabilities                  | 2,792          | 2,667          |
| Total shareholders' equity         | 3,068          | 4,024          |

### 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.

## 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 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 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 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 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 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 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.

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**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 indicators 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 risk factors discussed under the "Risk Factors" section of the Annual Information Form.**

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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).

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