

Karnalyte Resources Inc. Announces 2019 Third Quarter Results

05.11.2019 | [CNW](#)

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SASKATOON, Nov. 5, 2019 - [Karnalyte Resources Inc.](#) ("Karnalyte" or the "Company") (TSX: KRN) today announced its third quarter results and operational and corporate highlights for the third quarter ended September 30, 2019.

Wynyard Potash

During the third quarter of 2019, the Company continued its process of optimizing capital costs for the Wynyard Potash Project in order to position the Company to advance the development of this project when it becomes economically feasible to do so. The Company is optimistic about the long-term outlook for potash and this was supported by increases in potash prices throughout the three quarters of 2019. However, the Company is maintaining caution as the industry continues to face headwinds with several potash mines in Saskatchewan shuttering production during the third quarter of 2019. Karnalyte continues to monitor potash prices and continues to discuss with its strategic partner Gujarat State Fertilizers & Chemicals Limited ("GSFC") the optimal path forward to develop the Wynyard Potash Project.

Proteos Nitrogen

During the quarter, Karnalyte began the development of a pre-feasibility study for the Proteos Nitrogen Project which will include an in-depth analysis of the market for nitrogen, continued investigation of land assembly for the project site and continued discussions with local agricultural industry partners regarding their potential participation in the Proteos Nitrogen Project. Management believes that the industry fundamentals for nitrogen fertilizer will remain strong in both the short and long term as demand growth is expected to outpace net capacity additions in North America. In 2018, the Company engaged Argus Research (formerly Integer Research) to prepare an independent market study of the nitrogen fertilizer industry in North America. The study was positive supporting the decision to continue investigating this opportunity. In preparing a pre-feasibility study, the Company intends to study the target market in more depth in order to better assess the market for nitrogen in central Canada.

Name change

At the Company's most recent annual general meeting ("AGM"), the Company received the requisite approval to change the Company's name to "Alere Chemicals and Fertilizers Inc.". Since then the Company has been working towards the development of a new brand identity, brand collateral and website related to this name change. Significant progress is being made on this and however management is of the view that the timing for the rollout of the name and brand identity is not yet appropriate.

2019 Third Quarter Results

At September 30, 2019, the Company had cash of \$8.2 million, a positive working capital of \$7.8 million and no debt. The Company has adequate cash to fund any existing commitments in 2019, as well as to meet short term operating and capital requirements. Karnalyte's Third Quarter 2019 Financial Statements and Managements' Discussion and Analysis are available on www.sedar.com and on Karnalyte's website at www.karnalyte.com.

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

Selected Quarterly Results

	2019	2018
	Sept 30	Sept 30
Total revenue	\$ -	\$ -
Comprehensive (loss)	(907)	(1,339)
Basic and diluted loss per share	(0.02)	(0.05)
Total current assets	8,690	10,089
Total assets	14,517	15,885
Total liabilities	2,892	1,217
Total shareholders' equity	11,625	14,668

*Expressed in thousands except loss per share

Outlook for 2019

During the balance of 2019, the Company will continue to optimize the project costs for the Wynyard Potash Project with a view to re-activating the development of the project if the improving potash price environment results in the Wynyard Potash Project becoming economically viable and financeable. In addition, the Company plans to complete the pre-feasibility study for the Proteos Nitrogen Project with a view towards making a decision on how to take the project forward.

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 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 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 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 Mtpy. 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 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-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 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 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.

Contact

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