

Karnalyte Resources Inc. Announces 2020 Third Quarter Results

06.11.2020 | [CNW](#)

/NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES./

SASKATOON, Nov. 5, 2020 - [Karnalyte Resources Inc.](#) ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and corporate highlights for the third quarter ended September 30, 2020.

During the third quarter of 2020, the Company completed the previously announced prefeasibility study for the Proteos Nitrogen Project, engaged MNP LLP ("MNP") to advise the Company as it moves through a strategic review process and prepared for a well workover development project at its Wynyard Potash Project.

As previously announced, the Karnalyte Board of Directors (the "Board") initiated a strategic review process to evaluate a broad range of potential strategic alternatives available to it including the evaluation of its existing and future projects and analyzing potential financing alternatives with a focus on determining what is in the best interests of Karnalyte and maximizing value for all of its shareholders. MNP, a leading Canadian accounting, tax and business consulting firm was appointed as strategic advisor to support this review. In addition to assisting with the evaluation of a range of strategic alternatives, MNP is providing an independent review of the prefeasibility study Karnalyte recently completed on its Proteos Nitrogen Project. The Company has been working closely with MNP throughout the quarter and continues to work with MNP on this engagement. Karnalyte will provide an update once the review of the prefeasibility study is completed.

POTASH – WYNYARD POTASH PROJECT

Market Update - For the most part, market prices for potash continued to be bearish throughout most of the third quarter of 2020 with a slight rise in September of 2020. Analysts are predicting that prices for muriate of potash (MOP) will increase in the fourth quarter due in part to an increase in demand expectations and a near-term decrease in supply due to outages from Nutrien and a reduction in exports from Belarus. For now, analysts are projecting modest increases in potash prices into 2021 as the global potash oversupply continues to be depleted and strikes in Belarus and shutdowns at Nutrien decrease the available supply. Karnalyte continues to monitor the situation.

As previously announced, the Company began preparation for a well workover development project at the Wynyard project site during the quarter and this project was completed subsequent to the end of the quarter. The project consisted of two parts. One was perforation work on the disposal well tubing throughout the approved injection zones of the Deadwood and Winnipeg Formations to increase the flow rate of waste brine that the well will accept. This technique is a standard tool developed for the oil and gas industry in North America and ultimately may allow for increased flow through the disposal well thus providing savings to the operating costs of Phase 1 of the Wynyard project. The second part of this project was to perform a temperature log test to demonstrate whether or not there is fluid leakage from the well to the overlying strata. Regular successful tests are necessary to allow the continued operation of the potash plant which cannot operate without functioning disposal wells. The project was a success in that a significant amount of disposal zone volume was added by the perforation work. As well, the test, pumping cold water into the well, recorded a temperature change that met the provincial government regulations.

NITROGEN – PROTEOS NITROGEN PROJECT

As previously announced, the Company completed the prefeasibility study of its Proteos Nitrogen Project on July 21, 2020. Also as previously announced, the Company has included an independent review of the

prefeasibility study of the Proteos Nitrogen Project in the scope of work required from MNP as part of their full review of Karnalyte's strategic options. While Karnalyte was encouraged by the results of the prefeasibility study, the Company will continue to take a disciplined and methodical approach to its review and consideration of the Proteos Nitrogen project. Karnalyte will provide an update once MNP's independent review of the prefeasibility study is completed.

SPECIAL SHAREHOLDER MEETING

During the quarter, the Company received a requisition for a special meeting of shareholders from three shareholders, together owning not less than 5% of the Company's issued and outstanding common shares (the "Dissident Shareholders"). The Dissident Shareholders are asking Karnalyte shareholders to increase the Board size to six and to appoint four of their nominees and two nominees of Gujarat State Fertilizers and Chemicals Limited ("GSFC"), Karnalyte's largest investor and strategic partner that holds approximately 38% of the Company's shares.

The Board has set the date for a special meeting of shareholders for December 15, 2020. The Board has fixed November 10, 2020 as the record date to determine which shareholders will be entitled to vote at the meeting. The Company will issue a proxy circular that includes voting instructions and the Board's recommendation to shareholders ahead of the Special Meeting of Shareholders.

INVESTIGATION

On October 26, 2020 the Company announced the completion of an investigation into alleged breaches. The investigation was completed in response to allegations made by the Dissident Shareholders. A leading law firm completed the extensive review which included interviews with a number of parties. The investigation found that the allegations were unfounded and that, among other things, the Company, its management and its directors are in compliance with the Company's code of conduct. As such, the Board has concluded that the Company need not pursue any further actions or incur any further cost in relation to the Dissident Shareholders allegations.

OUTLOOK FOR 2020

During the balance of 2020, the Company will continue to work with MNP to evaluate a broad range of potential strategic alternatives including the evaluation of existing and future projects and the analysis of potential financing alternatives. The Company will also prepare for the special meeting to be held on December 15, 2020.

2020 THIRD QUARTER RESULTS

At September 30, 2020, the Company had cash of \$5.9 million and positive net working capital of \$5.3 million and no debt. The Company has adequate cash to fund any existing commitments in 2020 as well as to meet short term operating and capital requirements. Karnalyte's Third Quarter 2020 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.

Sept 30, 2020 Sept 30, 2019

Total revenue	-	-
Net and comprehensive loss (914)		(907)
Basic and diluted per share (0.02)		(0.02)
Total current assets	6,444	8,690
Total assets	12,198	14,517
Total liabilities	2,992	2,892
Total shareholders' equity	9,206	11,625

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 improved 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.

SOURCE [Karnalyte Resources Inc.](#)

Contact

Danielle Favreau, Interim CEO, [Karnalyte Resources Inc.](#), 1(306) 986-1486, info@karnalyte.com, www.karnalyte.com

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

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/366262--Karnalyte-Resources-Inc.-Announces-2020-Third-Quarter-Results.html>

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 -1999-2025. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).