

Karnalyte Resources Inc. Announces 2021 Year End Results And Provides Corporate Update

30.03.2022 | [CNW](#)

SASKATOON, March 30, 2022 - [Karnalyte Resources Inc.](#) ("Karnalyte" or the "Company") (TSX: KRN) today announced its financial results and corporate highlights for the financial year ended December 31, 2021.

2021 - YEAR IN REVIEW

In 2021, Karnalyte completed a strategic review process with an external strategic advisor, took significant steps to improve the Company's financial position, and in light of strong market conditions for potash, initiated an update the Company's NI 43-101 compliant technical report.

STRATEGIC REVIEW

In 2020, as previously announced, Karnalyte's Board of Directors initiated a corporate strategic review process with MNP LLP to evaluate a broad range of potential strategic alternatives available to the Company, including evaluation of its existing and future projects, with a focus on determining what would be in the best interests of Karnalyte and maximising value for all its shareholders. This process was concluded in the second quarter of 2021 and an update was provided at that time including commentary on specific matters addressed in the Strategic Review Report. This update included a review and analysis of the Company's proposed nitrogen fertilizer project, a review and analysis of market sounding activities for the potash project and suggestions for improvement of Karnalyte's financial position.

POTASH - WYNYARD POTASH PROJECT

Market Update - The market conditions for potash continued to improve during the fourth quarter of 2021 and up to the writing of this commentary with Canadian potash suppliers announcing contract prices with India and China in February 2022 of \$590 per tonne through to December 31, 2022. These prices were over double the contract prices that had been announced in the first quarter of 2021. Prices were increasing in 2021 due to the tightening of the supply demand gap for potash.

While sanctions on Belarus potash began in 2021, on February 1, 2022, Lithuania cancelled its rail contract with Belarus cutting off the landlocked country from Lithuania's ports, through which Belarus shipped an estimated 90% of its potash. The rail contract cancellation leaves Belarus with limited options to ship its potash to the market. The Russian invasion of Ukraine and resulting sanctions on potash and other trade from Russia have severely impacted Russia's ability to supply potash. Russia and Belarus normally supply approximately 40% of the world's potash. These developments have created significant uncertainty around the availability of potash supplies.

Additionally, the Russian invasion of Ukraine has created uncertainty around Ukraine's ability to plant a crop in 2022. Furthermore, sanctions are impacting Russia's ability to supply agricultural products. Such events are sending crop prices soaring giving farmers worldwide an incentive to utilize fertilizers to increase yields.

Higher potash prices may or may not be sustainable. Major potash producers in North America may increase production thus causing a decrease in prices. A resolution to the conflict in Ukraine might also result in reduced sanctions and increased supply of potash. That said, many analysts predict that all of the events causing the higher prices are not likely to change anytime soon (especially as buyers of potash products may be reluctant to trade with Russia and given that sanctions in Belarus predated the invasion of Ukraine). Therefore, uncertainty exists regarding when sanctions might lift and when prices may relax. Management believes that potash prices will remain high in 2022 and likely beyond.

These developments and their impact on market conditions along with the recommendations in the Strategic Review Report, and in support of continued efforts to seek out and attract investment and strategic partners to the Wynyard potash project, led the Company to a decision in the fourth quarter of 2021 to update its NI 43-101 technical report to update, amongst other things, the following:

- Update of capital cost summaries;
- Update of operating cost summaries;
- Review and application of Karnalyte's internal cost saving studies; and
- Updated market and economic analysis.

After a thorough procurement process, the Company selected Wood PLC, a leading global consulting and engineering company, as independent lead author of the Company's update to its NI 43-101 technical report.

In addition to Wood PLC, Karnalyte engaged the services of senior project advisor ProMine Project Management Ltd., and lead Brad Straub, to assist the Company in its oversight and evaluation of the update to the technical report. Mr. Straub has a long history of providing support to current and proposed potash industry projects in various capacities over the years. This includes over 25 years of project management experience with majors BHP Billiton Potash Canada, Nutrien (formerly PotashCorp) and Mosaic.

The project is progressing as planned and the Company hopes to complete the update by the end of the second quarter of 2022.

NITROGEN - THE PROTEOS NITROGEN PROJECT

Market Update - market conditions for nitrogen also improved significantly in 2021. At the date of this MD&A, prices of ammonia and urea have increased over 100% year over year. In part due to the market situation discussed in the "Error! Reference source not found." section above and in part due to global supply issues as a result of the pandemic, increased oil and gas prices and increased crop prices leading to incentive among producers to utilize fertilizers to increase yields have resulted in significant demand for nitrogen fertilizers. The recent supply uncertainty related to Russian supplies is providing further support for high nitrogen prices.

The Proteos Nitrogen Project therefore, remains under consideration as part of Karnalyte's future and may diversify our business by adding a second fertilizer product line. The Proteos Nitrogen Project is a proposed regional-scale nitrogen fertilizer plant to be located in central Saskatchewan, with a nameplate capacity of 700 metric tonnes per day ("mtpd") ammonia and 1,200 mtpd urea. Our primary target market is local, independent wholesalers within a ~400-kilometre radius of Saskatoon, Saskatchewan, with a secondary target market of Midwest USA wholesalers near the Canadian border.

In the Strategic Review Report, the opportunity of building a regional nitrogen production facility near Saskatoon, Saskatchewan (the "Nitrogen Project") was analyzed as one of the options to maximize value for Karnalyte's shareholders.

While MNP LLP noted that the economics of this project could be positive, the Strategic Review Report concluded that, given current market and competitive conditions, the Nitrogen Project is high-risk without both an offtake agreement and a joint or independent capital investment. Management and the Board are considering the various challenges identified in the Strategic Review Report including market risk and capital risk and are continuing to assess interest in an offtake agreement and capital investment.

Gujarat State Fertilizers and Chemicals Limited ("GSFC"), a 38.7% shareholder of Karnalyte, has indicated that, if requested by the Company, they would support the Nitrogen Project by bringing GSFC's significant experience operating nitrogen fertilizer production facilities to the project but only as technical advisor at the planning, design, and construction phases and as initial operator of the Nitrogen Project facility. However, GSFC has emphasized that Karnalyte will require a strategic partner to support the Nitrogen Project, as GSFC is not in a position to act as lead partner for the Nitrogen Project.

IMPROVING KARNALYTE'S FINANCIAL POSITION

The Strategic Review Report also recommended that the Board and management transition Karnalyte to a low-cost operation by developing and implementing a minimum cash flow budget to preserve available cash for investment in seeking out strategic investment. Specifically, the Strategic Review Report recommended that Karnalyte investigate alternative sources of funding to extend the operational runway, monetize existing assets to preserve a financial and liquidity foundation and maintain the minimum requirements to sustain an exchange listing. In response to these recommendations and given management's awareness of the Company's need to raise capital in order to continue to fund operations and project development activities, recent developments surrounding the market conditions for potash and significant interest from the financial community and prospective investors, management is considering and in discussions with investment bankers and others to raise interim capital. Options being considered include: a private placement, a short form prospectus offering and/or a rights offering. Updates on the Company's efforts to raise capital will be made when appropriate.

Also in 2021, in furtherance of improving Karnalyte's financing situation, the Company divested of certain assets not essential to the Wynyard Potash Project and took steps to reduce general and administration expenses. The steps taken to reduce general and administration expenses included some restructuring, downsizing the Company's headquarters by moving to a virtual corporate office model and, along with other measures, transitioning to a new transfer agent.

CORPORATE & GOVERNANCE MATTERS

The Board is committed to good governance practices. Therefore, during the year, in light of the opportunities and risks facing the Company, and in the interests of strengthening the Board and improving its independence, the Board decided to expand its composition to a board of five (5) directors. In doing so, the Board assessed the competencies, skills and personal qualities it requires in directors in order to provide the Board with the best opportunity to advance Karnalyte's projects to the next stage of development. After an extensive recruiting process, management nominated two additional directors in the Company's information circular dated May 31, 2021. At Karnalyte's annual general meeting on June 29, 2021, the shareholders elected these additional directors to the Board.

Derek Hoffman is a corporate/commercial lawyer with the Hoffman Group advising public and private entities in a range of industries including mining, energy, agriculture and technology. Derek brings significant mining experience to the board having previously served as a Partner and Leader of the Mining Group at Miller Thompson LLP, a leading Canadian law firm, and also as in-house counsel for the global mining company BHP where he advised on a broad range of matters involving mineral exploration, strategic transactions and mine and associated infrastructure development and construction.

Dilip V. Pathakjee, nominee of GSFC, is the Senior Vice President of Materials Management at GSFC. Mr. Pathakjee has over 30 years of experience in operations research and development, finance, marketing, materials management, and management of foreign projects. During the past 5 years Mr. Pathakjee has held other senior roles at GSFC including Vice President (Finance) and Senior Vice President (Finance). Mr. Pathakjee holds a master's degree in chemical engineering, a master's degree in business administration, a post-graduate diploma in treasury and risk management and a diploma in industrial psychology.

Also in furtherance of the Company's goal of advancing governance, Karnalyte announced that the Compensation and Corporate Governance Committee updated its Charter to include a nominating function. As such, the name of the committee was also changed to the Compensation, Corporate Governance and Nominating Committee. This change will further assist the Board of Directors in fulfilling its obligations and responsibilities.

As a result of the new nominating function, the Committee will be responsible for:

- Considering the skills and competencies that should be possessed by the Board as a whole, as well as assessing those of each existing director;
- Identifying individuals who are qualified to become new directors based on outlined criteria; and
- Reviewing and recommending to the Board approval of any proposed candidate(s) for nomination for election or appointment.

OUTLOOK FOR 2022

In 2022, the Company plans to complete the update to its NI 43-101 technical report, complete the raising of interim capital and increase business development activities to seek out and attract investment and strategic partners to move one or both of the Company's projects forward to development.

Danielle Favreau, Interim CEO of Karnalyte commented, "We are optimistic about Karnalyte's future given the strong outlook for the potash industry and fertilizers generally. We are excited to complete the update to our NI43-101 technical report and get to work on financing the development of the Wynyard Potash Project."

2021 YEAR END RESULTS AND SELECTED ANNUAL INFORMATION

During the year ended December 31, 2021, the Company's focus was on the completion of the strategic review, continued preparation activities related to the development of the Wynyard Potash Project, improving the Company's financial position and investigating alternative sources of funding. On December 31, 2021, the Company had cash of \$1.8 million, a positive working capital of \$1.6 million, and no debt.

The following information has been summarised from the Company's audited financial statements. Karnalyte's 2021-year end financial statements, management's discussion and analysis, and annual information form are available at www.sedar.com or on the Company's website at www.karnalyte.com.

Selected annual results (CAD \$ thousands)

	Year ended December 31		
	2021	2020	2019
Total revenue	-	-	-
Interest and other income	19	65	183
Net and comprehensive loss	(2,193)	(3,429)	(3,091)
Basic and diluted per share	(0.05)	(0.08)	(0.07)
Total current assets	2,498	5,291	8,064
Total assets	8,393	11,241	13,875
Total current liabilities	884	1,499	903
Total liabilities	2,630	3,311	2,549
Total shareholders' equity	5,763	7,930	11,326

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.

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

SOURCE [Karnalyte Resources Inc.](#)

Contact

Danielle Favreau, Interim CEO, [Karnalyte Resources Inc.](#), 1(639) 398-6478, 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/411189--Karnalyte-Resources-Inc.-Announces-2021-Year-End-Results-And-Provides-Corporate-Update.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](#).