KARNALYTE RESOURCES ANNOUNCES SELECTION OF WOOD PLC AS INDEPENDENT LEAD AUTHOR OF UPDATE TO NI 43-101 TECHNICAL REPORT

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SASKATOON, SK (CNW- January 17, 2022) – Karnalyte Resources Inc. ("**Karnalyte**" or the "**Company**") (TSX: KRN) is pleased to announce the selection of leading global consulting and engineering company Wood Canada Ltd. ("**Wood**") as independent lead author of the Company's planned update to its National Instrument 43-101 technical report (the "T**echnical Report**").

UPDATE OF BANKABLE FEASIBILITY STUDY TO BE COMPLETED

In light of positive potash market condition developments and in support of continuing efforts to seek and attract investment and strategic partners to the Wynyard Potash Project, Karnalyte is updating its 2016 technical report in accordance with Canadian Securities Administrators' National Instrument 43-101 ("**NI 43-101**"). Wood will serve as the primary lead author.

The key objectives of the update to the Technical Report are to:

- Update capital cost summaries;
- Update operating cost summaries;
- Review and apply Karnalyte's internal cost savings studies; and
- Update market and economic analysis.

Wood is a global leader in preparation of NI 43-101 technical reports, and an update will serve as a critical step in developing a strong foundation for Karnalyte's Wynyard Potash Project. Wood has provided services for a range of potash mining companies, including successfully preparing feasibility level studies for various projects in Saskatchewan.

In addition to Wood, Karnalyte is pleased to report that it has engaged the services of senior 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.

"We are excited to take this important step as we further our efforts to attract investment partners to help us take the Wynyard Potash Project forward," said Danielle Favreau, Interim CEO of Karnalyte. "We believe the Wynyard project has significant strategic value given its environmental advantages including no surface tailings, shorter construction lead time due to the prior completion of technical pre-work and permitting, a strategic partner with commitment of a minimum 56% offtake, and a high quality product in a desirable granular form with many possibilities for further upgrade."

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 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 Company's 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.

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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 Project, the confirmation in an independent feasibility study of Karnalyte's assumptions regarding the technical and economic viability of the 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 Board, 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 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.