

KARNALYTE RESOURCES INC. ANNOUNCES 2022 THIRD QUARTER RESULTS AND OTHER CORPORATE HIGHLIGHTS

Not for distribution to U.S. news wire services or dissemination in the United States.

SASKATOON, SK (CNW- November 15, 2022) - Karnalyte Resources Inc. ("Karnalyte" or the "Company") (TSX: KRN) is announcing today its financial results and a number of key corporate highlights for the third quarter ended September 30, 2022.

UPDATE TO THE NI 43-101 COMPLIANT TECHNICAL REPORT

The Company is providing a status report on the update to the NI 43-101 Compliant Technical Report ("Technical Report" or "Report"), led by global consulting and engineering firm Wood PLC ("Wood"). Karnalyte has made diligent progress on this important step toward construction of its Wynyard Potash Project, despite unforeseen challenges that have resulted in delays.

In the later part of October, Wood provided Karnalyte with preliminary capital cost and operating cost estimates, using budgetary pricing for mechanical equipment, mechanical bulks, and tanks that take into account the changes to Saskatchewan's tax regime, currency exchange rates and cost of labour. Karnalyte is reviewing these capital and operating cost quotes, while Wood works toward the completion of a financial model and final compilation of the report, expected in the new year.

The recent increase in potash prices has resulted in significant growth in Western Canada's economic activity, and this, in conjunction with supply chain constraints impacting suppliers worldwide is, among other factors, causing delays to the update to the Technical Report. Karnalyte will provide a further update as appropriate once the Technical Report is finalized.

"Karnalyte remains focused on advancing the update to the NI 43-101 Compliant Technical Report and has continued making steady progress, despite challenges the mining industry is facing beyond our control" said Danielle Favreau, interim Chief Executive Officer of Karnalyte. "The Company is committed to following best practices as we work through this critical step, which will ultimately serve as a strong foundation for our Wynyard Potash Project."

To date, Karnalyte has achieved a number of key milestones in relation to the update to the Report. This includes engaging industry leading solution mining and engineering firm ERCOSPLAN ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN"), which provided Karnalyte with a positive review of core samples, and confirmation from Saskatchewan's Ministry of Environment that Karnalyte's previous Environmental Impact Study approval from 2013 remains valid.

RIGHTS OFFERING

On June 22, 2022, the Company announced the launch of a rights offering (the "Rights Offering") as part of its capital raise strategy in order to provide a viable and attractive investment opportunity for existing shareholders. On August 3rd, the Company announced the successful completion of this Rights

Offering, following its expiry on July 29, 2022, raising a total of \$3,862,000 in proceeds as additional capital for, among other things, the development of the Potash Project.

Karnalyte is pleased to announce the participation of Gujarat State Fertilizers and Chemicals Limited (“GSFC”) in the Rights Offering, a major agriculture sector business in India, providing additional investment in Karnalyte and further demonstrating its ongoing commitment and support for the Company and the Potash Project.

ESG STRATEGY DEVELOPMENT

In line with Karnalyte’s environmental advantages and governance advancements, the Company engaged with Karri Howlett Consulting Inc. (“**Karri Howlett Consulting**” or “**KHCI**”) earlier this year to prepare an Environmental, Social and Governance (“**ESG**”) strategy report. In October 2022, Karnalyte received a first draft of the report analyzing key focus areas per Karnalyte stakeholders, with practical recommendations under each of the Environmental, Social and Governance categories.

Karnalyte is in the process of reviewing the recommendations as it seeks to enhance its existing policies and practices, ensuring the Company is up to date and in line with current and peer ESG trends. Karnalyte maintains its ultimate goal of operating the business in the best interest of shareholders and relevant stakeholders to further strengthen its strategic position in the potash sector.

2022 THIRD QUARTER RESULTS

At September 30, 2022, the Company had cash of \$4.1 million and positive net working capital of \$4 million and no debt. The following information has been summarized from the Company’s Condensed Interim Unaudited Financial Statements.

	September 30, 2022	September 30, 2021
Total revenue	-	-
Net and comprehensive loss	(432)	(279)
Basic and diluted per share	(0.01)	(0.01)
Total current assets	4,628	2,793
Total assets	10,306	8,695
Total liabilities	1,976	2,438
Total shareholders’ equity	8,330	6,257

Karnalyte’s Third Quarter 2022 Financial Statements and Managements’ Discussion and Analysis are available at www.sedar.com and on Karnalyte’s website at www.karnalyte.com.

OUTLOOK FOR Q4 2022

In the fourth quarter of 2022, the Company will continue to focus on the completion of the update to the NI 43-101 compliant technical report and efforts to further support the raising of project financing and project development.

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.

For further information, please contact:

Karnalyte Resources Inc.
1(639) 638-2537
info@karnalyte.com
www.karnalyte.com

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.