Karnalyte RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is intended to provide a summary of the operational and financial results of Karnalyte Resources Inc. ("Karnalyte" or the "Company") for the year ended December 31, 2012 and 2011. This MD&A should be read in conjunction with the audited financial statements of the Company and the related notes thereto for the year ended December 31, 2012. This commentary is dated March 15, 2013. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents, including the Annual Information Form, and additional information about the Company are available on SEDAR at www.sedar.com. Some of the statements made herein contain "forward-looking information" and accordingly please refer to the "Forward-Looking Statements" section at the end of the MD&A.

OVERVIEW

The year ended December 31, 2012 and the period up to the date of this MD&A was a successful period for the Company with the following key milestones achieved;

- filed a potassium chloride ("KCl") and magnesium chloride ($MgCl_2$) Reserve and Resource Estimate for the Wynyard Carnallite Project (the "Technical Report");
- filed and cleared a shelf prospectus for up to $350 million in common shares, units, preferred shares and notes or other types of unsecured debt securities during a 25 month period. This allows the Company financing flexibility depending on market conditions;
- established an operational office in Saskatoon and hired key professional staff to drive the construction phase;
- entered into engineering, procurement and construction management services agreement with Foster Wheeler Canada;
- a review of the Company's feasibility study was completed by an engineering firm, acting as the debt financing group's Independent Engineer, confirmed all aspects of the feasibility including CAPEX;
- progressed the debt financing initiative including successful due diligence by Hatch and prepared and issued a request for proposal to potential lead arranges for review;
- continued detailed engineering related to establishing major equipment component specifications and further advancing the underground cavern design and planning, and
- launched site preparation activities at the future production facility site and completed preparation of unloading staging area on a railway line where construction materials will be off-loaded and stored.

Subsequent to year end the Company continued to achieve milestones such as;

- securing a partnership with Gujarat State Chemical and Fertilizer ("GSFC") where GSFC acquired a 19.98% interest in the Company for $45 million and committed to a further investment of at least $15 million in future equity raises of the Company;
- entering into a take-or-pay off-take agreement for approximately 20 years where GSFC will purchase approximately 350,000 tonnes of potash per year from Phase 1 of the Project and an additional 250,000 tonnes per year with the commencement of Phase 2;
- receiving Environmental Impact Study ("EIS") approval from Saskatchewan Ministry of Environment;

With the significant progress made, the Company is now focused on the following key activities;

- continue to pursue project debt financing by identifying the lead syndicate arrangers and achieve commitment on project debt;
- advance discussions with other potential strategic partners who would be complementary to Karnalyte and GSFC;
- pursue additional equity to help fund the launch of full construction;
- continue to advance detailed engineering and site preparation allowing the Company to enter into full construction activities at the site;
- continue hiring key personnel required to construct the plant and mine.

BACKGROUND

Karnalyte was incorporated under the Business Corporations Act (Alberta) on November 16, 2007 and is an Alberta headquartered company focused on exploration and development of potash in Saskatchewan. The Company holds subsurface mineral Permit KP 360A comprising 68,301 acres as well as lease KSLA 010 comprising 16,825 acres near Wynyard, Saskatchewan. The Company has completed seismic testing as well as drilling programs bringing the total acres explored to 17,544 or 20% of the total permit area.

On July 19, 2012, the Company filed a Technical Report which combines the Company's Amended and Restated Reserve and Resource Estimate dated March 30, 2012 for the Wynyard Carnallite Project ("March 2012 Technical Report") which focussed on potash with the Magnesium Preliminary Feasibility Study. Based on the results of the Potash Feasibility Study and the Technical Report, the Company is planning and preparing to launch construction of the processing facility and mine field. The Company's plan is to initially focus on establishing the potash manufacturing plant with the magnesium operation planned to begin only after successful potash production has been firmly established.

The Technical Report based on the Potash Feasibility Study includes reserve calculations of 62.9 million tonnes of proven and 92 million tonnes of probable KCl reserves. The Technical Report indicates that the first phase of potash manufacturing will be a plant capable of annual production capacity of 625,000 tonnes per year of potash with two additional phases of 750,000 tonnes of annual production each for total production of 2,125,000 tonnes per year from all three phases. The projected production life of the potash mine is estimated at 68 years.

The Technical Report based on the Magnesium Preliminary Feasibility study includes 147.1 million tonnes of probable $MgCl_2$ reserves with annual production estimated at 100,000 tonnes of $MgCl_2$ brine and 104,000 tonnes of hydromagnesite.

Karnalyte plans to use solution mining to extract a brine rich in potash (KCl), magnesium chloride ($MgCl_2$) and sodium chloride (NaCl) which can then be processed into marketable products. The first phase of the Wynyard Carnallite Project (the "Project") will concentrate on the production of high quality potash products with a brine rich in magnesium chloride and sodium chloride treated as waste and disposed underground into the spent caverns. In a subsequent phase of the Project these waste streams are anticipated to produce marketable sodium chloride and magnesium-products. The products in the current phase are expected to be a granulated potash pellets for the agricultural market and industrial grade for the industrial market.

Plant construction is expected to take approximately 18 - 24 months following the completion of additional financing and regulatory approvals. Preparation of the brine field is expected to be completed

concurrently with plant construction. Within a 10 month period following the completion of the plant the Company expects production to be up to a full run rate of 625,000 tonnes per year. Plant construction, mine opening, natural gas and power infrastructure upgrades, initial rail transport infrastructure and other construction activities represent the total expected project cost. The first phase of operations is expected to amount to approximately $593 with a further $33 million representing additional rail capacity and other bridging activities. The Technical Report included the initial rail transport infrastructure costs in subsequent phases of the Project but the Company has determined the most efficient course would be to combine the initial rail transport costs with the first phase of the Project for a total anticipated CAPEX of $626 million.

SELECTED ANNUAL INFORMATION

The information has been summarised from the Company's audited financial statements.

Selected Annual Results			
	Year ended December 31		
	2012	2011	2010
Total revenue	$ -	$ -	$ -
Interest and other income	625,595	963,726	38,750
Net and comprehensive loss	(7,205,846)	(5,353,836)	(5,322,091)
Basic and diluted per share	(0.33)	(0.26)	(0.41)
Total current assets	26,313,146	35,166,003	59,356,598
Total assets	76,290,254	75,847,125	70,689,252
Total current liabilities	3,996,019	2,372,799	2,295,027
Total liabilities	4,145,975	2,558,416	2,417,970
Total shareholders' equity	72,144,279	73,288,709	68,271,282

During the year ended December 31, 2012, the Company completed the March 2012 Technical Report for its potash reserves as well as a Technical Report for the production of magnesium compounds. Throughout the year, significant efforts were expended in attempting to secure a strategic partner for the project in various regions worldwide. In September the Company signed a contract with Foster Wheeler for the detailed engineering and site preparation for the Project. In October a final short form base prospectus was filed with securities commissions throughout Canada. In December the Company announced that the EIS was submitted for public review and was subsequently approved on February 11, 2013.

Significant efforts were expended during the year ended December 31, 2012 attempting to secure a strategic partner. Although this came to fruition with GSFC in early 2013, the Company was engaged with several other potential strategic partners who were analyzing the potential of their involvement in the project.

During the year ended December 31, 2011, the Company completed a technical report, feasibility study and submitted an environmental impact study to the Government of Saskatchewan. Throughout the year the Company also completed a drilling program and continued to develop product lines and marketing strategies. The Company has explored various equity and debt strategies to continue moving the Project forward including formalizing an engagement with BMO to act as lead debt advisor. This also included engaging Hatch as an independent engineering firm to perform due diligence on the feasibility study on behalf of the debt financing group.

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During the year ended December 31, 2010, the Company expanded its senior management team, launched operation of its cavern brine test facility, finalized the PRAS and completed its transition to a public company by finalizing its IPO.

PREVIOUSLY DISCLOSED USE OF PROCEEDS

Analysis of Prospectus Use of Proceeds				
	Current Expectation	Prospectus	Variance	Notes
Geological Analysis	$ 3,000,000	$ 3,000,000	$ -	
Feasibility Study Costs	9,000,000	17,000,000	(8,000,000)	a
Additional Exploration Seismic and Drilling	16,000,000	10,000,000	6,000,000	b
Environmental Impact Assessment	2,000,000	2,000,000	-	
Infrastructure Preparation and Equipment Deposits	5,000,000	9,400,000	(4,400,000)	c
Magnesium Pre-Feasibility Study	350,000	-	350,000	d
Contingencies	15,050,000	9,000,000	6,050,000	e
General, Administrative and Corporate Purposes	5,046,300	5,046,300	-	
Total	$ 55,446,300	$ 55,446,300	$ -	

Notes

a) Feasibility Study Costs estimated in the Prospectus, dated December 6, 2010 (the "Prospectus"), were based on expectations of at least four additional drill cores being required to fully understand the rock mechanical properties and geological structure related to constructing the processing facility and preparing the solution mine area. Upon further review of existing information and considering the results of the two drill hole geological analysis drilling program conducted, the co-authors of the feasibility study determined the additional drill holes would not be required. The Company included an estimate of approximately $6 million for these holes in the $17 million feasibility study costs. In addition, the Company had included $2 million in additional contingencies for the surface facility and other portions of the feasibility study that are not required based on the proposals received and accepted.

b) The Company decided subsequent to the Prospectus to increase the drilling and exploration program. No additional 3D seismic activity was planned in the Prospectus but has since been determined to be important to gaining a better understanding of up to one-half of the total permit area under control, estimated at $2.5 million. This 3D is still being considered in 2013 and will be funded out of the proceeds of the IPO. As a result of the EIS, the Company is drilling a disposal well and a water well to test the injectivity of the disposal well and the productivity of the water wells. This drilling and testing program is expected to cost up to $3.5 million.

c) Given the results of the Technical Report and the recommendations contained therein, the expenditures allocated to infrastructure preparation and equipment deposits have been decreased. Significant expenditures on equipment deposits cannot be made until detailed engineering is progressed further. The funds have now been allocated to contingencies until such time that decisions are made on where the funds are required.

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d) A contract has been completed with Lyntek Incorporated which resulted in a pre-feasibility study for magnesium compounds in the amount of $350,000.

e) The Company incurred some unanticipated expenditures including a failed financing that resulted in recognition of significant offering expenses together with expenditures made to support the October 2011 Technical Report. In addition the Company believes other sensitivities could arise in 2013 related to the key initiatives highlighted in the Prospectus and has therefore increased the expected contingencies by $6 million to arrive at the same total as projected in the Prospectus. Expenditures against this contingency will be considered provided they allow for the Company to protect its ultimate timeline as much as possible.

The amounts above exclude gross proceeds of $4,042,000 ($3,799,480 net of commissions) related to the closing of the over-allotment option on January 13, 2011. These proceeds will be allocated to general, administrative and corporate purposes.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information of the Company for each of the last eight quarters ended at December 31, 2012:

Selected Quarterly Results								
	2012				2011			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Total revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Comprehensive loss	(2,029,669)	(1,988,605)	(2,096,839)	(1,090,733)	(2,347,228)	(549,778)	(1,172,229)	(1,284,601)
Basic and diluted loss per share	(0.10)	(0.08)	(0.10)	(0.05)	(0.11)	(0.03)	(0.06)	(0.06)
Total current assets	26,313,146	29,703,131	32,271,738	32,644,537	35,166,003	38,184,599	45,131,091	57,527,453
Total assets	76,290,254	75,358,574	76,411,927	74,462,061	75,847,125	75,436,477	76,256,815	74,310,804
Total liabilities	4,145,975	1,844,825	1,961,900	1,435,257	2,558,416	3,619,114	4,579,036	2,515,976
Total shareholders' equity	72,144,279	73,513,749	74,450,027	73,026,804	73,288,709	71,817,363	71,677,779	71,794,828

Comprehensive loss was driven primarily by G&A expenses incurred to fund the continued growth of the Company. A main component of the quarterly losses relates to non-cash share based payment expenses for amortizing stock option costs. The quarterly losses for the quarters ended March 2011 through March 2012, were relatively constant except for the quarter ended September 2011 where offsetting rental income for drilling mat rentals of $449,957 was generated. In addition, the quarter ended December 2011 increased significantly due to writing off financing expenses of $696,408 as a result of pulling the bought-deal financing and therefore not representative of a typical quarter. In the quarter ended June 2012, the Company experienced a significant step up in comprehensive loss primarily due to a major corporate restructuring in May 2012. Restructuring expenses amounting to $735,199 were incurred relating to third party consulting fees combined with severance costs. In the quarter ended September 2012, the comprehensive loss was consistent with the prior quarter but the severance costs were replaced with expensing costs related to the pursuit of unsuccessful strategic partner initiatives. The loss for the quarter ended December 2012 also contains costs related to legal, consulting, accounting and travel costs related to strategic partner initiatives that would not be considered recurring costs moving forward. As the Company continues its growth and moves into construction, additional resources and expenses will be incurred prior to entering the production phase.

Current assets trends principally reflect activity in the cash account. This account comprises the vast majority of current assets with relatively minor balances in prepaid expenses and miscellaneous receivables. Starting in the quarter ending March 31, 2011 the funds that were raised through the Company successfully completing its initial public offering ("IPO") were being used to continue work on the Project. During the quarters ending June 30, 2011, September 30, 2011 and December 31, 2011 spending continued to increase and therefore current assets decreased as a result of the feasibility study and a seven well drilling program. The quarter ended June 30, 2012, 309,053 broker warrants were exercised by various companies who belonged to the IPO syndicate for gross proceeds of $2,657,856 which offset expenditures for that period.

Total assets on a quarterly basis reflect two main components, cash from financings still available to the Company and capitalized expenditures on capital assets and mineral properties for moving the Project forward. Total assets remained relatively constant for the majority of the periods above. The quarterly fluctuations generally reflect cash expended on G&A expenses.

Total liabilities for the periods illustrated relate primarily to trade and other payables. These balances vary in the analysis due to timing of payments that are required on the various work performed on bringing the Project to the current level. The large increase in the quarters ended March 31, 2011, June 30, 2011, September 30, 2011 are a result of drilling projects and the feasibility study which were in process over the quarter end dates and a large amount of payables and accruals were generated to account for the extra expenditures. The decrease in the quarter ended December 31, 2011 is due to the completion of the feasibility study and environmental impact study prior to year end. The increase represented in the quarter ended December 31, 2012 is due to the site preparation which was completed at the plant site in Wynyard throughout that quarter.

RESULTS OF OPERATIONS

General and administrative expenses (G&A)

G&A costs for the year ended December 31, 2012 amounted to $4,156,447 which is an increase of $843,759 from the comparative 2011 amount.

The key components of the G&A costs are as follows:

G&A Expenditures		
	Year ended December 31,	
	2012	2011
Salary, wages and benefits	$ 1,825,780	$ 1,776,698
Accounting and legal	467,953	336,983
Business development and investor relations	499,873	254,394
Consulting	257,987	52,113
Regulatory	69,011	44,851
Rent	249,264	188,141
Directors Fees	250,000	173,687
Other	536,579	485,821
Total general and administrative	$ 4,156,447	$ 3,312,688

Salaries, wages and benefits for the year ended December 31, 2012 was $1,825,780 compared to $1,776,698 in 2011. The corporate restructuring in May 2012 eliminated certain positions and related salary costs. However, this was partially offset by the addition of employees in the Saskatoon office that was established in August 2012. Functions added to Saskatoon thus far include engineering, human resources, occupational health and safety as well as environmental administration. The corporate restructuring was done to ensure resources are in place to move the Project forward. The Company contracted a human resource consulting firm to complete a review of staffing levels and to assist with restructuring. This was considered critical as the Company is moving from early stage exploration to the development and construction requiring sufficient resources to achieve the Company goals. There is a small increase related to bonuses of $463,342 accrued in relation to the year ended December 31, 2012 compared to 2011 when there was $460,000 expensed for bonuses. The Company capitalized employee remuneration of $984,320 (2011 – $962,985) and share-based payments of $748,209 (2011 – $292,664) during the year ended December 31, 2012 for employees who were working directly on the environmental impact study, engineering and product development.

Accounting and legal expenses for the year ended December 31, 2012 was $467,953 compared to $336,983 in the comparative period. The increase is associated to the legal fees incurred pertaining to the off-take with GSFC, executed in January 2013 along with legal costs associated with strategic partnership initiatives with parties and other potential investors. There were also expenditures incurred for the base shelf prospectus that was filed in October 2012 to allow the Company to proceed with financings as they came available. The remaining expenditures were related to reviews and audits of financial statements and annual documents which was consistent over both periods.

Business development and investor relations expenses for the year ended December 31, 2012 amounted to $499,873 compared to $254,394 in the 2011 comparative period. In the year ended December 31, 2012 the Company was active in looking for ways to secure financing to move forward with construction of the production facility. The Company gave presentations, met with potential investors, updated current investors and continued to pursue potential strategic partners to secure the funding. The Company has also participated in various trade shows and secured a marketing agreement with a third party to assist with website development and maintenance, press releases and other services as required.

Consulting expenses for the year ended December 31, 2012 amounted to $257,987 and compared to $52,113 in the comparative 2011 period. As a result of the restructuring review it was determined the most effective strategy was to outsource the IT function for the time being rather than employ an IT

department. This decision was based on the fact that upgraded systems were being planned and the Saskatoon office needed to be tied into the corporate systems. Using an outsourced IT firm provided various skill sets and resources to draw upon in accomplishing these initiatives that limited IT departments cannot match. Moving forward the Company will continue to assess this structure. As a result of this change, the consulting expenses have increased, however this is offset by the decrease in related salaries. The Company also utilized marketing and human resource consultants where specific skill sets were required outside of the Company.

Regulatory expense for the year ended December 31, 2012 amounted to $69,011 compared to $44,851 for the comparative period. The regulatory expenses are related to the annual TSX listing fees as well as fees incurred for public filing requirements on SEDAR.

Rent expense for the year ended December 31, 2012 amounted to $249,264 compared to $188,141 for the comparative period. The rent has increased reflecting a full year inclusion of additional space in the Okotoks office compared to part of the 2011 year combined with opening an office in Saskatoon in August 2012 to accommodate the additional engineers required for construction of the plant facility.

Director fees for the year ended December 31, 2012 amounted to $250,000 compared to $173,687 for the 2011 comparative period. The increase is due to the addition of two new directors who were brought in at the end of 2011 to add to the skill set of the Company. There also were more formal board meetings and board conference calls required in the year ended December 31, 2012 as opposed to the comparative year.

Other expenses for the year ended December 31, 2011 amounted to $536,579 compared to $485,821 for the comparative period representing an increase of $50,758. The changes in expenditures are mainly related to additional accommodation requirements and property taxes and insurance which were higher for the year ended December 31, 2012 compared to the prior period due to supporting the additional staff quarters in Saskatoon and the addition of vehicles required for transport of goods and employees to the site.

Other P&L costs

Depreciation and amortization for the year ended December 31, 2012 was $747,590 compared to $535,444 in the 2011 comparative period. Expenses were related to the purchase and subsequent depreciation of machinery and equipment and are proportionate to the capital assets the Company owned at the years ending December 31, 2012 and 2011.

Share-based payments for the year ended December 31, 2012 was $1,919,477 compared to $1,722,291 in the 2011 comparative periods. The increase related primarily to a new round of options granted to directors, officers and management on April 18, 2012. The options are expensed over the two year vesting period.

Restructuring costs for the year ended December 31, 2012 of $895,645 was a result of the Company enlisting the services of a human resource firm to assist in analyzing the current needs of the Company for staffing. It was determined that a restructuring would benefit the Company and would be required to have the skill sets required to build the plant and move into construction. The expenditures incurred were as a result of severance packages being paid out as well as the consulting fees for the human resource firm.

Transaction costs for the year ended December 31, 2012 was $108,984 compared to $696,408 in the 2011 comparative period. These expenses in the prior year related to an equity financing that was withdrawn late in 2011.

Other income and expenses for the year ended December 31, 2012 was income of $178,458 compared to $536,484 in the 2011 comparative period. The other income is mainly related to rental of drilling mats that are owned by the Company. When the mats are not required for drilling the Company rents mats out as a source of revenue until the mats are needed. Due to weather and demand there were a larger number of mats rented out in the comparative period.

Net finance income for the year ended December 31, 2012 was $443,839 compared to $376,511 in the 2011 comparative period. The funds related to the IPO and over-allotment were moved to high interest savings accounts in the second quarter of 2011 which resulted in less interest income being generated over the year as compared to 2012 when the cash was in high interest accounts throughout the whole year.

FINANCING

2010

The Company completed its IPO on December 14, 2010 with 6,975,000 common shares being issued at a price of $8.60 per share for total gross proceeds of $59,985,000. Share issue costs related to this offering were $4,970,007.

In conjunction with the IPO, the Company granted 418,500 non-transferable broker warrants to the underwriters with an exercise price of $8.60 per warrant that expired on or about on June 14, 2012.

On November 12, 2010 the Company issued 278,540 common shares for no consideration to comply with the terms of the liquidity penalty granted to subscribers of the 2009 private placement. The filing of the final prospectus in December 2010 constituted the liquidity event as defined in the private placement which results the terms of the private placement being fulfilled. No further obligations exist.

During the year ended December 31, 2010 a total of 176,400 stock options were exercised by employees, directors and consultants for gross proceeds to the Company of $395,600.

2011

The over-allotment related to the IPO was completed on January 14, 2011 where 470,000 common shares were issued at a price of $8.60 per share for total gross proceeds of $4,042,000. Share issue costs related to this offering were $325,472. The proceeds from the over-allotment will be used for general corporate purposes.

Along with the over-allotment, the Company granted 28,200 non-transferable broker warrants to the agents with an exercise price of $8.60 per warrant that will expire on or about July 13, 2012.
In December 2011 a bought-deal financing was pulled due to insufficient time to gather additional information to respond to securities commissions' comments that were raised on the Company's technical report.

During the year ended December 31, 2011 there were 50,000 options issued to new directors of the Company. There were 609,500 stock options exercised by employees, directors or consultants and 245,296 broker warrants exercised for gross proceeds to the Company of $4,567,999.

2012

On April 18, 2012 the Company granted 945,000 options to employees, directors and officers. The options have an exercise price of $10.05 per option and will expire on April 18, 2017.

During the year ended December 31, 2012 there were 617,325 stock options exercised by employees, directors or consultants for gross proceeds to the Company of $735,874 and 309,053 broker warrants exercised by various companies who belonged to the IPO syndicate for gross proceeds of $2,657,856.

During the year the Company filed a short form base shelf prospectus (the "Shelf Prospectus"), which subject to securities regulatory requirements, will allow the Company to make offerings of up to $350 million common shares, units, preferred shares and notes or other types of unsecured debt securities during the 25 month period the Shelf Prospectus remains effective. The Company may determine the price and terms of any securities offered under the Shelf Prospectus at the time of sale to be set forth in a prospectus supplement.

During the year ended December 31, 2012 there were 253,875 options expired or forfeited and 59,475 broker warrants expired.

2013

On March 7, 2013 the Company closed a non-brokered private placement financing with GSFC for $44,745,994 in exchange for 5,490,306 common shares which represents a 19.98% ownership stake in the Company. The issue price is subject to an adjustment if commercial production has not commenced on or before October 1, 2016 which may be satisfied by the issuance of an additional 555,555 common shares at that time. Along with the financing GSFC has also agreed to a committed off-take agreement for the purchase of approximately 350,000 tonnes per year of potash from Phase 1 of the Project, increasing to 600,000 tonnes per year with the commencement of Phase 2. The off-take agreement will continue for approximately 20 years from the commencement of commercial production of Phase 1.

INVESTING

The Company capitalizes costs incurred on projects that are determined to provide future benefit and charges other costs to operations including administrative salaries, support and office costs, community relations programs and other administrative related expenditures. Costs directly related to capital assets are capitalized to appropriate categories and depreciated over their useful lives. Costs of personnel related entirely to preparation of mineral properties on the Company's permit areas and for the future construction of facilities or product development are capitalized as part of the mineral properties or of the processing facilities.

Expenditures to date were focused on the completion of the Company's technical reports, including the March 2012 Technical Report, finalizing the Company's Environmental Impact Statement ("EIS"), confirming the resources and reserves on the initial focus area and preparing the Company for construction.

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Intangible assets

During the period ended December 31, 2012, the Company capitalized $6,115,350 to intangible assets in the following areas:

Intangible Assets				
	Year ended December 31,			
		2012		2011
Mineral property				
Drilling	$	19,998,422	$	18,646,659
Feasibility study		10,827,683		10,753,396
Geophysics		4,262,672		4,262,672
Environmental Study		3,240,208		887,146
Surface land		2,017,352		1,415,249
Engineering		1,994,300		806,777
Product Development		373,064		-
Permits		269,697		201,897
Process patent		104,144		75,722
Computer software		110,009		32,683
Balance, end of period	$	43,197,551	$	37,082,201

Drilling expenditures of $1,351,762 incurred throughout the year ended December 31, 2012 related to preparation for future drilling of disposal wells, water wells, production wells and exploration wells where required in order to delineate the ore body contained in the permit and lease areas.

Environmental expenditures of $2,353,062 incurred throughout the year ended December 31, 2012 relate to the preparation and submission of the EIS. The Company used engineering and environmental firms to assist in preparation of the report, complete required studies and provide guidance where needed. There were also salaries, benefits, bonuses and stock based compensation capitalized for those employees who dedicated their time to the completion of the EIS.

Surface land expenditures of $602,103 in year ended December 31, 2012 relate to preparation of the storage yard including clearing and gravel which is required for storing existing capital equipment and the new equipment and building supplies that will be purchased when the plant facility is constructed. There were also three additional quarter sections of land purchased, all within the permit area throughout the year.

Engineering expenditures in the amount of $1,187,523 incurred in the year ended December 31, 2012 was mainly a result of ongoing engineering support required for preparing the EIS and work on the March 2012 Technical Report and the completion of the Technical Report.

Product development expenditures in the amount of $373,064 relate mainly to the capitalization of salaries, benefits, bonuses and stock based compensation for employees who are analysing specific characteristics of our brine and products to facilitate construction and development of the cavern design and processing facility.

Permit expenditures of $67,800 for the year ended December 31, 2012 are the annual fees payable in order for the Company to maintain their current permit and lease areas.

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Patent expenditures in the amount of $27,730 were incurred as the Company continue to revise and update existing patents while applying for new patents in Canada and the United States where applicable.

Computer software expenditures of $157,789 were incurred throughout the year ended December 31, 2012 as the company upgraded the information technology infrastructure to allow for future expansion and improve the functionality for existing users. There was also some mapping and accounting software purchased to assist various job functions throughout the operations.

Decommissioning obligations

The Company's decommissioning obligations are based on the Company's ownership in wells and facilities. Management estimates the costs to abandon and reclaim the wells and the facilities and the estimated time period during which these costs will be incurred in the future. The majority of these costs are expected to be incurred over the next 30 years. The undiscounted amount of estimated costs required to settle the obligations at December 31, 2012 is $212,000 (2011 – $270,000). The estimated costs have been inflated at 2.0 percent and discounted at a risk free rate of 2.18 percent as at December 31, 2012.

Capital assets

During the year ended December 31, 2012, the Company capitalized $3,180,636 to assets under construction, machinery and equipment, vehicles, land improvements, leasehold improvements and equipment and furniture. Expenditures were capitalized to the following areas:

Capital Assets				
	Year ended December 31,			
		2012		2011
Assets Under Construction	$	3,466,078	$	-
Machinery and equipment		2,291,533		2,788,506
Buildings		216,086		227,942
Vehicles		130,073		-
Land		124,656		124,656
Furniture and equipment		88,367		39,231
Land improvements		60,297		-
Leasehold improvements		27,467		37,833
Equipment under capital lease		-		5,753
Balance, end of period	$	6,404,557	$	3,223,921

Assets under construction increased by $3,466,078 during the year ended December 31, 2012. This increase is a result of the Company initiating the site preparation for the location the production facility will be constructed on. The contract for the site preparation was initiated in conjunction with securing the engineering procurement and construction management services for the Project. The final site preparation will be done in the early part of 2013 and the EPCM will continue throughout the construction period. For the period ending December 31, 2012 the costs incurred related to detailed engineering was $780,925 and site preparation was $2,685,153. There has been no depreciation charges recorded for assets under construction.

Machinery and equipment expenditures incurred in the year ending December 31, 2012 relate to the purchase of a loader which will be used at our storage facility. The cost of this purchase was offset by depreciation charges of $575,671 for the year ended December 31, 2012.

Buildings decreased by $11,856 during the year ended December 31, 2012. This decrease is a result of depreciation on a building in Wynyard, Saskatchewan.

Vehicles increased by $141,898 in the year ended December 31, 2012. The Company purchased vehicles which were required to assist with transportation needs currently for the Saskatoon office but in the future will be transferred to the plant location during construction. The vehicles included two super cab trucks, one flatbed truck and one van. The cost of the vehicles was offset by the depreciation charges of $11,825 for the year ended December 31, 2012.

Furniture and equipment increased by $49,136 during the year ended December 31, 2012. The majority of expenditures relate to furniture and equipment purchased for the office space acquired in Saskatoon. This has been offset by depreciation which has been calculated on a straight line basis over five years which amounted to $30,108 for the year ended December 31, 2012.

Land improvements increased by $60,297 in the year ended December 31, 2012. These expenditures were related to setting up the storage facility near the plant site in Wynyard Saskatchewan. The storage facility is currently storing the rig mats, pumps and various other assets acquired by the Company. During the plant construction phase it will be used to store machinery, equipment and building supplies until they are installed in the plant. The Company constructed a security fence around the property during the year and installed a temporary electrical box to supply the site with power. These expenditures were offset by $4,044 of depreciation recorded in the year ended December 31, 2012.

Leasehold improvements decreased by $10,366 during the year ended December 31, 2012. This decrease is a result of depreciation of the leased properties in both Okotoks and Saskatoon.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2012, the Company had net working capital of $22,317,127 compared to $32,793,204 at December 31, 2011 including $25,114,959 and $34,251,529, respectively, in cash. As at December 31, 2012, the Company also had $375,000 in restricted cash that was set up as a requirement from the Government of Saskatchewan in order to operate the test plant in Saskatchewan. The Company maintains cash in bank accounts for day to day operations and invests the excess in overnight financial instruments in high interest saving accounts that are highly liquid. No investments are made in commercial paper instruments.

The Company has sufficient cash to meet its short-term corporate costs and existing capital plans and has sufficient funds to finance exploration and ongoing corporate functions. There is no certainty, however, that the Company will be able to raise additional funds to obtain the necessary capital to move the Project forward to the production stage.

CONTRACTUAL OBLIGATIONS

The following table summarizes the commitments of the Company as at December 31, 2012:

Contractual Obligations					
	Payments due by period				
	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
Trade and other payables	$ 3,996,019	$ 3,996,019	$ -	$ -	$ -
Office lease	$ 722,718	$ 216,210	$ 292,800	$ 213,708	$ -
Mineral lease and permit	$ 703,825	$ 47,675	$ 122,300	$ 73,967	$ 459,883
Project contracts	$ 1,142,887	$ 1,142,887	$ -	$ -	$ -
Total	$ 6,565,449	$ 5,402,791	$ 415,100	$ 287,675	$ 459,883

Trade and other payables relate to operating, investing and financing expenditures that were payable at the year ended December 31, 2012.

Office leases are in place for both the Okotoks and Saskatoon office locations. The Okotoks space is under a lease containing a monthly fee of $18,325 and will expire on April 30, 2013. The Company subleases space to an independent company that partially offsets this lease cost. Possession of the Saskatoon office took place on August 1, 2012. This space will be used as an operations office to facilitate the construction phase. The lease is paid on a monthly basis of $12,200 and will expire on August 31, 2017.

Mineral lease and permit obligations refer to the annual fees which are required to maintain the permit and lease areas the Company currently owns. The Company is required to pay annual rent of $0.50 per acre on its permit held for a term of five years ending on March 12, 2013 for a total cost of $34,150 per year. During each of the second and third years of the term of the permit the Company was required to spend $40,000, in the fourth and fifth years $80,000 was the required expenditure for work with the purpose of exploring for, developing or mining subsurface minerals. Extension of the term of the permit is $10,000 for the first extension period, $20,000 for the second extension and $40,000 for the third. Each extension covers a one-year period. To date, the Company has met and expects to continue to meet all of these related commitments. The Company has applied for and received confirmation the first extension period has been granted which will extend the permit from March 12, 2013 to March 11, 2014 at which time management will decide if the second extension will be applied for or the property will be converted to a lease.

The Company is required to pay an annual lease of $2.00 per acre on any area held under lease for a term of twenty-one years for a total cost of $33,650 per year. The Company is required to expend not less than $3,000,000 for work during the first three years of the term of the lease. In case of any deficiency in the amount of expenditures for work required to be made pursuant to this requirement, the lessee may, upon application, obtain a twelve month extensions of time for making the required expenditures with a maximum of three such extensions, provided that for each twelve month extension the lease holder makes a cash payment equivalent to three per cent of the difference between $3,000,000 and the amount of accumulated expenditures made to the date of application. Upon application the lessee may, after the third extension, obtain further extensions of time for making the expenditures required to be made by deposit of $90,000 for each twelve month extension or portion thereof. If a lease is surrendered by the lessee or cancelled by the minister, the requirement of expenditures to be made is terminated. If the lessee makes the expenditures and furnishes proof thereof in accordance with “The Subsurface Mineral Regulations, 1960”, the deposit will be refunded to the lessee.

Project contracts are in place for various drilling, engineering, consulting and debt financing services. The drilling contract requires a minimum commitment of 74.23 operating days to be completed by August 31, 2013.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and expenses. The Company evaluates the estimates periodically. In making judgments about the carrying values, the Company uses estimates based on historical experience and various assumptions that are considered reasonable in the circumstances. Actual results may differ from those reported. The Company reviews significant areas subject to estimation with the Audit Committee and its independent auditors. Significant areas requiring estimate include the assessment of impairment indicators and any subsequent determination of impairment over mineral properties and capital assets, the related depletion and depreciation including the estimates of total depleted reserves and useful lives and the calculation of share-based payments. See note 2 to the December 31, 2012 financial statements.

Stage of development

The Company is in the development stage of its history and at this stage of the Company's growth, it is subject to the risks associated with early stage companies, including uncertainty of future revenues, developing acceptable markets and growth into established markets, profitability and the need to raise additional financing to continue to progress its Project.

Continued exploration and development of the Property is dependent on Karnalyte's ability to obtain necessary financing. As the Company is not currently producing from its property, it will be necessary for the Company to seek additional equity or debt to finance its programs.

Intangible assets

The Company's expenditures relating to the acquisition of mineral properties, leases, permits and the exploration and development thereon are recorded at cost and include direct and indirect acquisition and exploration costs associated with specific mineral properties. These costs are capitalized on the basis of the potential realization from the underlying asset. Amortization of these amounts will be recognized using the unit-of-production method over shorter of estimates of reserves or service life following the commencement of production or written off, if the properties are sold or abandoned.

Upon indication that impairment may exist, carrying values of assets would be adjusted. Impairment conditions may result from any of the following items, but not limited to: cessation of exploration activities; exploration results are not promising such that exploration will not be planned for the foreseeable future; permit or lease ownership rights expire; sufficient funding is not expected to be available to complete the exploration program; an exploration property is deemed to have no material economic value to the Company's business plan or future development of the property becomes uneconomical

The Company reviews capitalized amounts for impairment whenever events or changes in circumstances indicate its carrying amount may not be recoverable. The carrying value of assets is assessed for

indications that the carrying amounts recorded may not be recoverable from estimated current and future cash flows. Estimating future cash flows requires assumptions about future business conditions and other developments. Significant, unanticipated changes to these assumptions could require a provision for impairment in the future.

Capital assets

Assets under construction, machinery and equipment, buildings, vehicles, furniture, land improvements and leasehold improvements are recorded at cost, less accumulated depreciation. Capital assets are depreciated using the straight-line method over three to seven years. Leasehold improvements are amortized on a straight line basis over the terms of the respective leases. Assets under construction will start being depreciated when the assets are available for use for their intended purpose and will be calculated on a unit of production basis.

Share-based payments

The Company has share-based payments expenses for stock option awards to employee, directors, officers and consultants, as explained in the Company's financial statements. IFRS requires that all share-based awards be accounted for using the fair value method. Under this method, the Black-Scholes option pricing model requires estimates of the expected life of the option, forfeiture rates, stock volatility and the risk-free interest rate expected over the life of the option. A change in these assumptions could materially change the amount of share-based payments expenses recorded.

Income taxes

The Company accounts for income taxes in accordance with the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of substantive enactment. A deferred income tax asset is recognized only when it is more likely than not that the income tax asset will be realized.

FINANCIAL RISK FACTORS

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its commercial obligations. The Company has no significant concentration of credit risk arising from operations. The Company's cash and restricted cash is held with large Canadian financial institutions and management believes the risk of loss to be remote. As at December 31, 2012 and 2011, the Company had GST receivables from the Canadian Government and a limited number of customers who rent mats on a short-term basis such that management believes that the credit risk with respect to receivables is low.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash balances to meet liabilities when due. As at December 31, 2012, the Company had cash totalling $25,114,959 (2011 – 34,251,529) to settle current liabilities of $3,996,019 (2011 - $2,372,799). As at December 31, 2012 and December 31, 2011 the Company's trade and other receivables were all considered current and are subject to normal trade terms.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company will be exposed to price risk with respect to North American and international potash prices. A significant decrease in the price of potash could cause the continued exploration and future development of the Company's properties to be uneconomical.

Currency risk

The Company's functional currency is the Canadian dollar with the majority of transactions denominated in Canadian dollars. The Company has engaged third party experts to perform various reports on the future potential of its mineral properties where such contracts are denominated in United States dollars and Euros. As the Company moves into full construction the currency risk will be heightened as most of the major equipment components will be based in US dollars. Accordingly, the Company will employ additional procedures to mitigate this additional risk. At this time management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

Interest rate risk

The Company's trade and other payables are non-interest bearing and have contractual maturities of less than 45 days. As at December 31, 2012, the Company's only interest bearing asset is cash in high interest saving accounts and a small amount of cash held in Guaranteed Investment Certificates. Cash earns interest at prevailing short-term interest rates. During the year ended December 31, 2012 the Company earned interest income of $448,237 from its cash. A plus or minus 1% change in interest rates would have been affected by approximately $280,000 (December 31, 2011 - $460,000)

RECENT ACCOUNTING PRONOUNCEMENTS

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In May 2011, IFRS 11 "*Joint Arrangements"* was issued to address reporting inconsistencies. This standard requires a single method to account for interests in jointly controlled entities, focusing on the rights and obligations of a joint arrangement, rather than its legal form (as is currently the case). IFRS 11 supersedes IAS 3 "*Interest in Joint Ventures"* and SIC-13 "*Jointly Controlled Entities – Non-Monetary Contributions by Venturers"* and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. There will be no significant impact to the Company upon implementation of the issued standard.

In May 2011, IFRS 13 "*Fair Value Measurements"* was issued. This standard defines fair value, setting out a single IFRS framework for measuring fair value and required disclosures about fair value measurements. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its financial statements.

INTERNAL CONTROLS

Disclosure Controls and Procedures

The Company has established disclosure controls and procedures for the timely and accurate preparation of financial and other reports. Such disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed is recorded, processed, summarized and reported within the periods specified by applicable securities regulations. In addition, the disclosure controls ensure that information required to be disclosed is accumulated and communicated to the appropriate members of management and properly reflected in the Company's continuous disclosure filings. As with most small or developing Company's and consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these disclosure controls and procedures should not exceed their expected benefits. As a result, the Company's disclosure controls and procedures can only provide reasonable assurance, and not absolute assurance, that the objectives of such controls and procedures are met. The Chief Executive Officer and Chief Financial Officer are responsible to evaluate the disclosure controls and procedures. They have concluded that the design and operation of these disclosure controls and procedures were not effective due to the existence of material weaknesses in the internal controls over financial reporting noted in the following section.

The Company mitigates these weaknesses through using external consultants as appropriate; however, such mitigating procedures do not constitute compensating controls for the purposes of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

Internal Controls over Financial Reporting (ICFR)

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing and ensuring the operating effectiveness of internal controls over financial reporting. They are also responsible for causing them to be designed and operated effectively under their supervision. They are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management has assessed the design and operating effectiveness of internal controls over financial reporting. They have concluded that the design and operation of these disclosure controls and procedures were not effective due to the existence of material weaknesses in the internal controls over financial reporting noted below. On January 1, 2011 the Company adopted IFRS as its standard for financial reporting. In connection with the adoption of IFRS, the Company updated its internal controls over financial reporting, as necessary, to facilitate the respective IFRS convergence and transition activities performed. An internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

During the design and operating effectiveness assessment certain material weaknesses in internal controls over financial reporting were identified, as follows:

- Management is aware that there is a lack of segregation of duties due to the small number of employees dealing with general and administrative and financial matters. However, management believes that at this time the potential benefits of adding employees to clearly segregate duties do not justify the costs associated with such increase;
- Many of the Company's information systems are subject to general control deficiencies as are common with many small or developing organizations. These include a lack of effective controls over spreadsheets, access and documentation. The Company expects that some deficiencies will continue into the future; and
- The Company does not have full-time in-house personnel to address all complex financial and non-routine tax issues that may arise. It is not deemed as economically feasible at this time to have such personnel. When faced with unusual or non-routine issues, the Company relies on external experts for review and advice. Such circumstances may involve complicated financial issues and for tax planning, tax provision and compilation of corporate tax returns.

The Company mitigates these weaknesses through using external consultants as appropriate; however, such mitigating procedures do not constitute compensating controls for the purposes of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements at the time of this MD&A.

OUTSTANDING SHARES

As of the date of this MD&A, the Company has 27,479,010 common shares and 1,287,500 stock options issued and outstanding.

OUTLOOK

Industry Outlook

World-wide demand for potash continues to be volatile with some major producers implementing short term plant shut downs to manage supply into the marketplace. This strategy has been effective in maintaining potash demand and/or prices at least in the short term. In addition, declining Indian Government subsidies could eventually impact the level of demand and/or price however the Company's recent partnership with GSFC included a take or pay contract that would help mitigate the impact on the Company. There are brownfield expansions planned in the near to medium term and perhaps some greenfield developments that may come to fruition. These expansions will alter the supply/demand characteristics of the marketplace in the short term. However, the general feeling is over the medium to long-term that the industry will come back into balance. The Company continues to see this current situation as temporary however and anticipates the market to revert back to one of future growth. Population growth and the erosion of arable land are the key factors that the Company believes will fuel future potash demand. The Company expects global fertilizer demand to continue to increase due to the expectations from this growing population base with the need to supplement soils to meet the growing

demand. Potash prices have reflected this volatility recently but the Company believes the medium to long term pricing environment will revert to a position of strength as companies attempt to meet this demand.

Capital Market Outlook

Access to the capital markets is crucial for all developing companies. The current volatility in the capital markets presents challenges to all developing companies. The Company has a strong working capital position at the end of the year of $22.3 million with a manageable cash burn rate and capital programs. This working capital will provide some protection for a period of time, however the Company will need to access the capital markets further to enter into the full construction phase of the project. The Company remains confident that initiatives under way are progressing towards the construction phase and the Company will continue to monitor the capital markets for opportunities to raise capital. Of primary importance is the strong financial market syndicate that supports the Company and its plans and the strong relationship it has with each member of the syndicate.

Company Outlook

The Company achieved a tremendous amount of key milestones throughout the year and prior to the date of this MD&A which has allowed the Project to be moved forward. The Company is very pleased with this progress and has a high level of confidence that the stage is set to move ahead into the construction phase of the project. Several key initiatives remain to be accomplished that are set out below.

The Company is in the pre-development stage and therefore access to capital markets is critical to continue to progress. In addition to the debt discussed above, the Company will require additional equity financing to fill out the total funding required for the project. The Company is confident it will continue to have adequate access to capital to meet its short and medium term business plan of continuing to develop its initial phase of its operations. The Company will continue to focus on the following key initiatives;

- Continue to pursue project debt financing;
- further discussions with other potential strategic partners complementary to GSFC;
- pursue additional equity to help fund the launch of full construction;
- continue to advance detailed engineering and site preparation to the point allowing the Company to enter into full construction activities at the site;
- plan and apply for the array of permits required for the construction the production facility, and
- continue to hire key personnel required to construct the plant and mine.

FORWARD-LOOKING INFORMATION

Statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements may include, but are not limited to, statements regarding:

- future extraction and exploitation of mineral deposits;
- capital expenditure requirements;

- expectations regarding prices and costs;
- development of mineral resources and mineral extraction processes;
- the Company spending the funds available to it as stated in this MD&A;
- expectations regarding the Company's ability to subsequently raise capital;
- expenditures to be made by the Company to meet certain work commitments;
- work plans to be conducted by the Company, and
- reclamation and rehabilitation obligations and liabilities.

In certain cases, forward-looking statements can be identified by the use of such words as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate" and other similar terminology. These statements reflect the Company's current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

Forward-looking statements in this MD&A include statements regarding:

- the Company's ability to commence production at 625,000 tonnes per year, and ramp up to production of 2.125 million tonnes per year;
- further seismic exploration and drilling;
- time to completion of plant construction of 18 to 24 months following receipt of satisfactory financing and regulatory approvals;
- brine field preparation taking between 24 and 30 months;
- production run rates achieving 625,000 tonnes per year within 10 months following the completion of the processing plant;
- total capital expenditure for a 625,000 tonne mine of $593 million;
- anticipated results of development and extraction activities and estimated future development, and
- the Company's ability to obtain additional financing on satisfactory terms.

Such forward-looking statements are based on a number of material factors and assumptions, including, that:

- the Company executes its project development plans in a manner consistent with its budgets and planning;
- studies to support the Company's current development plans, and
- the Company obtains additional financing in the future.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Financial Risk Factors" elsewhere in this MD&A and under "Risk Factors" in the Company's Annual Information Form. Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A 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.