FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

Karnalyte Resources Inc.
Unit 104, 26 Crystalridge Drive
Okotoks, Alberta, T1S 2C3

2. Date of Material Change: November 29, 2011

3. News Release: November 29, 2011

4. Summary of Material Change

Karnalyte Resources Inc. (the "Corporation") announced that it has entered into an agreement with a syndicate of Underwriters led by BMO Capital Markets that have agreed to purchase 8,650,000 common shares of the Corporation, on a bought-deal basis, at a price of $13.30 per common share, for aggregate total proceeds of $115,045,000.

The Corporation has also granted the Underwriters an over-allotment option to purchase up to an additional 1,297,500 common shares, at a price of $13.30 per common share, exercisable by the Underwriters in whole or in part at any time prior to the date that is 30 days following the closing date of the Offering. If this option is exercised in full, the gross proceeds of the Offering will be $132,301,750.

The common shares will be offered to the public by way of a short form prospectus to be filed in all provinces and territories of Canada, and will be offered outside of Canada on a private placement basis.

Karnalyte intends to use the net proceeds for the construction of the initial phase of its Wynyard Carnallite Project, which is expected to produce 625,000 tonnes of potash per year. Construction of the first phase is to begin in early 2012, and based on the Corporation's most recent technical report, has an expected development capital expenditure of $593 million.

5. Full Description of Material Change

5.1 Full Description of Material Change

Please see the press release attached as Schedule "A" hereto.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

Ronald Love
Vice- President Finance and Chief Financial Officer
Karnalyte Resources Inc.
Tel: (403) 995-6560

9. Date of Report

November 30, 2011

SCHEDULE "A"

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FOR IMMEDIATE RELEASE

KARNALYTE RESOURCES INC. ANNOUNCES $115 MILLION BOUGHT DEAL FINANCING

(all dollar figures expressed in Canadian Dollars)

Calgary, Alberta (November 29, 2011) - Karnalyte Resources Inc. ("Karnalyte" or the "Corporation") (TSX: KRN) today announced that it has entered into an agreement with a syndicate of Underwriters (the "Underwriters") led by BMO Capital Markets, whereby the Underwriters have agreed to purchase 8,650,000 common shares of the Corporation, on a bought-deal basis, at a price of $13.30 per common share, for aggregate total proceeds of $115,045,000 (the "Offering").

The Corporation has also granted the Underwriters an over-allotment option to purchase up to an additional 1,297,500 common shares, at a price of $13.30 per common share, exercisable by the Underwriters in whole or in part at any time prior to the date that is 30 days following the closing date of the Offering. If this option is exercised in full, the gross proceeds of the Offering will be $132,301,750.

The common shares will be offered to the public by way of a short form prospectus to be filed in all provinces and territories of Canada, and will be offered outside of Canada on a private placement basis.

Karnalyte intends to use the net proceeds of the Offering for the construction of the initial phase of its Wynyard Carnallite Project (the "Project"), which is expected to produce 625,000 tonnes of potash per year. Construction of the first phase is to begin in early 2012, and based on the Corporation's most recent technical report, has an expected development capital expenditure of $593 million. The Corporation expects to fund the development capital expenditure for the initial phase of the Project through a combination of equity and project debt financing alternatives.

The Offering is expected to close on or about December 19, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary stock exchange and regulatory approvals, including the approval of the Toronto Stock Exchange.

The securities being offered have not, nor will they be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States absent U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

About Karnalyte Resources Inc.

Karnalyte is engaged in the business of exploration and development of high quality agricultural and industrial potash and magnesium products. Karnalyte intends to develop and extract a carnallite - sylvite mineral deposit through a known solution mining process at competitive costs and with minimal environmental impact. Using a staged approached to potash plant construction, the Corporation plans to operate a solution mining facility that will initially produce 625,000 tonnes of potash per year, increasing to 2.125 million tonnes of potash per year. Karnalyte owns a 100% interest in Subsurface Permit KP 360A and Subsurface Mineral Lease KLSA-010 located near Wynyard, Saskatchewan, comprising a total of 85,126 acres.

Forward-Looking Statements

This press release contains forward-looking statements. More particularly, this press release contains statements concerning the Corporation's intended use of the proceeds of the offering and its future operations. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Karnalyte, including with respect to the Corporation's future operations. Although Karnalyte believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Karnalyte can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory approvals, risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations. The forward-looking statements contained in this document are made as of the date hereof and Karnalyte undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

For further information, please contact:

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