

**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: December 19, 2011

3. News Release: December 19, 2011

4. Summary of Material Change

Karnalyte Resources Inc. announced that it has appointed Mr. Raymond C. Floyd to serve as Director of the Corporation.

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

December 22, 2011

SCHEDULE "A"



FOR IMMEDIATE RELEASE

KARNALYTE ANNOUNCES APPOINTMENT OF NEW DIRECTOR

Calgary, Alberta (December 19, 2011) - Karnalyte Resources Inc. ("Karnalyte" or the "Corporation") (TSX: KRN) today announced that it has appointed Mr. Raymond C. Floyd to serve as Director of the Corporation. Mr. Floyd has helped some of the world's largest industrial sites and global multi-plant operations achieve best-in-class performance during his four-decade career as an executive and operations manager at ExxonMobil, General Motors and Suncor Energy, where he has been Senior Vice-President since 2008.

Earlier this month, Mr. Floyd joined the ranks of Steve Jobs, Jack Welch and Lee Iacocca as an inductee of the IW Manufacturing Hall of Fame, as selected by the editors of IndustryWeek. One of 10 inductees, Mr Floyd was recognized as an innovative adapter of lean principles in the North American chemical-processing industry.

Mr. Floyd is also the author of two national best-selling books in the categories of manufacturing, quality, industrial relations and engineering. In August, he received the Shingo Research and Professional Publication Award for his book "Liquid Lean: Developing Lean Culture in the Process Industries". Mr. Floyd is the only person to have won both the Shingo Prize for Research and the Shingo Prize for Operational Excellence, which he was awarded in 1991 for work done at Exxon.

"Mr. Floyd brings complementary expertise to Karnalyte's Board of Directors, having extensive experience in single-site and global multi-site industrial operations as well as in process improvement," said Robin Phinney, President and CEO of Karnalyte. "We believe that Mr. Floyd will provide essential insight as Karnalyte initiates, enhances and expands its operations at its proposed potash mining facility."

Prior to joining Suncor, Mr. Floyd was the Global Manager of Manufacturing at Exxon Mobil Chemical Company and held numerous positions at the company over a period of 24 years.

Mr. Floyd has a Bachelor of Science, Chemical Engineering degree from Case Western University; a Doctor of Jurisprudence degree from Franklin Law School, Capital University; a Master of Business Administration degree from the University of Houston and has completed the International Management Development Program at the Institute for Management Development in Lausanne, Switzerland.

<http://www.industryweek.com/slideshows/HallofFame2011/Raymond-Floyd-2011.asp>

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 approach 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.

For further information, please contact:

Robin Phinney, President & Chief Executive Officer
Ron Love, Chief Financial Officer & Vice-President Finance
Julius Brinkman, Vice-President Corporate Development
Telephone: (403) 995-6560
E-mail: info@karnalyte.com
Website: www.karnalyte.com