FORM 51-102F3
Material Change Report

1. Name and Address of Company:

Karnalyte Resources Inc. (the "Corporation" or "Karnalyte")
#14, 11410 – 27th Street S.E.
Calgary, Alberta
T2Z 3R6

2. Date of Material Change(s):

November 14, 2014

3. News Release:

A news release relating to the material change described herein was released on November 14, 2014.

4. Summary of Material Change(s):

Karnalyte announced that effective November 14, 2014 Mr. Stephen Goodman was appointed the President and Chief Executive Officer, and a Director of the Corporation.

In addition, Gerald Offet was appointed a director of the Corporation effective November 14, 2014.

5. Full Description of Material Change:

See Schedule "A" attached.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102 *Continuous Disclosure Obligations*:

Not applicable

7. Omitted Information:

Not applicable

8. Executive Officer Knowledgeable of Material Change:

Stephen Goodman, President & Chief Executive Officer
Ron Love, Executive Vice-President Finance & Chief Financial Officer
Karnalyte Resources Inc.
(403) 995-6560

9. Date of Report:

November 17, 2014

SCHEDULE "A"

FOR IMMEDIATE RELEASE

KARNALYTE RESOURCES INC. ANNOUNCES APPOINTMENT OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND THIRD QUARTER 2014 RESULTS

CALGARY, ALBERTA (November 14, 2014) – Karnalyte Resources Inc. **("Karnalyte" or the "Corporation") (TSX: KRN)** today announced effective November 14, 2014, Stephen Goodman has been appointed the President and Chief Executive Officer, and a Director of the Corporation. Prior to joining Karnalyte, Mr. Goodman held increasingly senior positions in the banking sector. He has worked at Canaccord Genuity in Vancouver, KCG Holdings Inc. and most recently KGS-Alpha Capital Markets L.P. in New York. Most of Mr. Goodman's career has been focused on the natural resource sector. Originally from Vancouver, Canada, he has lived and worked in Asia, Europe and the United States. Mr. Goodman has an MBA in Finance from INSEEC, a Graduate Diploma from Capilano University's Asia Pacific Management Program, and a B.A. from the University of Western Ontario.

In addition, Gerald Offet was appointed a director of the Corporation, also effective November 14, 2014. Mr. Offet has held a number of senior management and board appointments in the Crown sector in the Provinces of Saskatchewan, Manitoba and British Columbia. Mr. Offet is a resident of Saskatchewan and brings knowledge of the business climate, the interest groups and the expectations for a company in this industry to the Board. He holds a B.A. in Economics and an LLB.

"The Company continues to focus its efforts in raising financing to move its potash project into construction," said Stephen Goodman, President and CEO of Karnalyte Resources Inc. "and aggressively cutting costs to conserve as much capital as possible to enhance its position when the financing becomes available."

At September 30, 2014, the Company had net working capital of $42.7 million compared to $49.3 million at September 30, 2013 including $42.9 million and $51.5 million, respectively, in cash. Karnalyte's Third Quarter 2014 Financial Statements and Management's Discussion and Analysis (MD&A) are available at www.sedar.com.

KARNALYTE RESOURCES INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

(CAD thousands, unaudited)	**September 30, 2014**	**December 31, 2013**
Current assets		
Cash	$ 42,885	$ 46,161
Trade and other receivables	102	1,480
Prepaid expenses	97	139
	43,084	47,780
Restricted cash	375	375
Deferred financing costs	1,711	1,606
Capital assets (note 4)	19,454	18,745
Intangible exploration and evaluation and other assets (note 5)	43,045	42,951
ASSETS	$ 107,669	$ 111,457
LIABILITIES		
Current liabilities		
Trade and other payables	$ 410	$ 746
	410	746
Provisions	154	135
Total liabilities	564	881
SHAREHOLDERS' EQUITY		
Share capital (note 6)	129,786	129,774
Contributed surplus	8,376	7,778
Deficit	(31,057)	(26,976)
Total shareholders' equity	107,105	110,576
LIABILITIES AND SHAREHOLDERS' EQUITY	$ 107,669	$ 111,457

KARNALYTE RESOURCES INC.

STATEMENTS OF COMPREHENSIVE LOSS

For the three and six months ended Sept 30,

	Three months ended		Nine months ended	
(CAD thousands except per share amounts, unaudited)	**2014**	**2013**	**2014**	**2013**
Expenses				
General and administrative	$ 1,234	$ 1,418	$ 3,637	$ 3,804
Depreciation and amortization	202	227	611	631
Share-based compensation expense (note 7)	156	584	340	1,692
Other (income) and expenses	52	(18)	7	(21)
	1,644	2,211	4,595	6,106
Finance income	(165)	(206)	(525)	(804)
Finance expense	1	1	11	30
Net finance income	(164)	(205)	(514)	(774)
Comprehensive loss	(1,480)	(2,006)	(4,081)	(5,332)
Loss per share (note 6(b))				
Basic and diluted	$ (0.05)	$ (0.07)	$ (0.15)	$ (0.20)

KARNALYTE RESOURCES INC.

STATEMENTS OF CASH FLOWS

For the three months ended March 31,

(CAD thousands, unaudited)	2014	2013
Cash Flows from (used in) Operating Activities		
Net loss for the period	$ (4,081)	$ (5,332)
Add/deduct:		
Depreciation and amortization	611	631
Stock-based compensation expense	340	1,692
Net finance income	(514)	(795)
Interest income received	515	366
Changes in non-cash working capital:		
Trade and other receivables	64	117
Trade and other payables	336	(640)
Prepaid expenses	55	29
Purchase of shares pursuant to compensation plans	-	(12)
	(2,674)	(3,944)
Cash Flows from (used in) Investing Activities		
Additions to intangible assets	(219)	(765)
Proceeds on sale of intangible assets	1,244	-
Additions to capital assets	(1,544)	(10,835)
Proceeds on disposition of capital assets	25	-
	(494)	(11,600)
Cash Flows from (used in) Financing Activities		
Issuance of common shares	-	44,745
Share issue costs	-	(2,432)
Deferred financing costs	(104)	(796)
	(104)	41,517
Effect of foreign exchange on cash	(4)	424
Change in cash	(3,276)	26,397
Cash, beginning of period	46,161	25,115
Cash and cash equivalents, end of period	$42,885	$51,512

KARNALYTE RESOURCES INC.

STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31,
(Expressed in thousands)

	2014			2013		
	Number		Amount	Number		Amount
Share Capital						
Balance, beginning of period	27,477	$	129,774	21,989	$	87,473
Common shares issued (note 6(b))	-		-	5,490		44,746
Treasury shares purchased	-		-	(2)		(12)
Vesting of employee share ownership plan	1		12	-		-
Share issue costs	-		-	-		(2,432)
Balance, end of period	27,478		129,786	27,477		129,775
Contributed Surplus						
Balance, beginning of period			7,778			4,906
Share-based payment expense (note 7)			608			2,364
Vesting of employee ownership plan			(10)			-
Balance, end of period			8,376			7,270
Deficit						
Balance, beginning of period			(26,976)			(20,234)
Loss for the period			(4,081)			(5,332)
Balance, end of period			(31,057)			(25,566)
Total Shareholders' Equity						
Balance, end of period		$	107,105		$	111,479

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 impacts. Once financing is obtained 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 future operations and its access to capital markets. 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 and its ability to secure additional capital. 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, failure to obtain necessary capital financing, 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. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Karnalyte's operations and financial results are included in documents on file with Canadian Securities regulatory authorities and maybe accessed through the SEDAR website (www.sedar.com). 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:

Stephen Goodman, President & Chief Executive Officer
Ron Love, Executive Vice-President Finance & Chief Financial Officer
Telephone: (403) 995-6560
E-mail: info@karnalyte.com
Website: www.karnalyte.com