

**KARNALYTE RESOURCES INC.
104 - 26 Crystalridge Drive
Okotoks, Alberta T1S 2C3**

**NOTICE OF THE ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS TO BE HELD ON JUNE 20, 2013**

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the shareholders of Karnalyte Resources Inc. (the "**Corporation**") will be held at the Foothills Centennial Centre, #4, 204 Community Way, Okotoks, Alberta, T1S 2N3, on Thursday, June 20, 2013 at the hour of 1:00 p.m. Okotoks time, for the following purposes:

1. To fix the number of directors at eight (8) and to elect directors for the ensuing year.
2. To elect the directors of the Corporation until the next annual meeting.
3. To appoint auditors for the ensuing year and to authorize the directors to fix their remuneration.
4. To receive the financial statements of the Corporation for the year ended December 31, 2012.
5. To approve, adopt and ratify the Corporation's New Option Plan.
6. To approve, adopt and ratify the unallocated stock options under the New Option Plan.
7. To consider, and if thought fit, approve the adoption of the Advance Notice By-Law of the Corporation.
8. To transact such other business as may properly be brought before the Meeting.

The enclosed Information Circular accompanying this Notice of Meeting should be consulted for further details on the matters to be acted upon.

DATED as of the 16th day of May, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

"Robin L. Phinney"

Robin L. Phinney

President, Chief Executive Officer and Director

IMPORTANT

Only holders of common shares of the Corporation of record at the close of business on May 16, 2013 are entitled to notice of the Meeting and only those holders of the common shares of the Corporation of record at the close of business on May 16, 2013, or who subsequently become shareholders and comply with the provisions of the *Business Corporations Act* (Alberta), are entitled to vote at the Meeting. If you are unable to attend in person, kindly fill in, sign and return the enclosed proxy in the envelope provided for that purpose.

Proxies, to be valid, must be deposited at the office of the registrar and transfer agent of the Corporation, Olympia Trust Company, Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2G 0P6 (Facsimile (403) 265-1455), not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment of the Meeting.