



KARNALYTE RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING

to be held August 26, 2016

NOTICE IS HEREBY GIVEN that, an annual and special meeting (the **Meeting**) of the holders (**Shareholders**) of common shares (**Common Shares**) of Karnalyte Resources Inc. (**Karnalyte**) will be held at the West Room of the Sheraton Cavalier, 612 Spadina Crescent East, Saskatoon, Saskatchewan S7K 3G9, on August 26, 2016, at 1:00 p.m. (Saskatoon time) for the following purposes:

1. to receive and consider the financial statements of Karnalyte, together with the report of the auditors thereon, for the year ended December 31, 2015;
2. to elect directors to hold office until the next annual meeting of Shareholders;
3. to appoint auditors to hold office until the next annual meeting of Shareholders and to authorize the board of directors of Karnalyte to fix their remuneration;
4. to approve all unallocated stock options under Karnalyte's stock option plan; and
5. to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders should refer to the accompanying information circular for more information with respect the matters to be considered at the Meeting.

The record date for determination of Shareholders entitled to receive notice of and to vote at the Meeting is August 2, 2016. Only Shareholders whose names have been entered in the register of the Shareholders on the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a holder of Common Shares transfers the ownership of any Common Shares after such date and the transferee of those Common Shares establishes that it owns the Common Shares and demands, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting, or any adjournment thereof, in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, completed proxy forms must be received by CST Trust Company at the Registrar and Transfer Agent of the Company, at P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, by 1:00 p.m. (Saskatoon time) on August 24, 2016 or, if the Meeting is adjourned, by 1:00 p.m. (Saskatoon time) on the second business day prior to the date on which the Meeting is reconvened.

DATED as of July 30, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

(signed "*Robin Phinney*")

Robin Phinney
President and Director
Karnalyte Resources Inc.