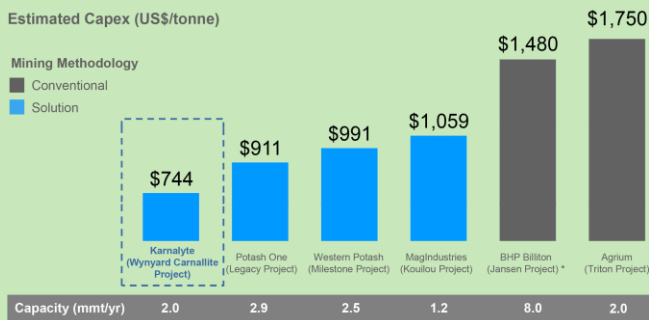


Karnalyte Resources is a potash company engaged in the development of agricultural premium potash prills, high grade industrial potash and magnesia products. Karnalyte's primary objective is to become a leading producer of high quality potash using proprietary improvements to a known solution mining process.

About Potash

Potash is the common name given to potassium-bearing minerals. Approximately 93% of world potash production is used for agricultural fertilizer (U.S. Geological Survey Mineral Commodity Summaries, January 2010) and the demand for potash has been growing at an average rate of 2.8% per year. A key factor that has led to the steady increase in fertilizer consumption over the past 50 years is an increasing world population and the need to produce increasing amounts of food from shrinking amounts of arable land per capita.

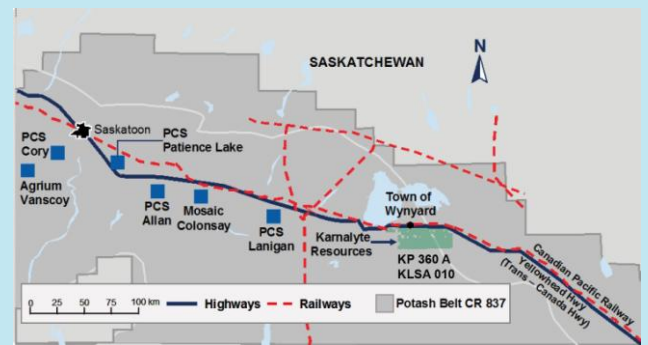
Attractive Capex for New Potash Solution Mine



Source: Company Filings as at November 1, 2010 * The Conference Board of Canada (October 2010)

Assets

The Karnalyte Property is located 0.5km to the south of Highway 16 near the town of Wynyard, Saskatchewan, and is accessible and serviced by a railway line and a network of roads. Karnalyte Resources owns a 100% interest in Permit KP 360 and Subsurface Mineral Lease KLSA-010, comprising a total of 85,126 acres. Karnalyte's Wynyard Carnallite Project has a dominant zone of carnallite (KCl•MgCl₂•6(H₂O)) and sylvite (potassium-bearing minerals).



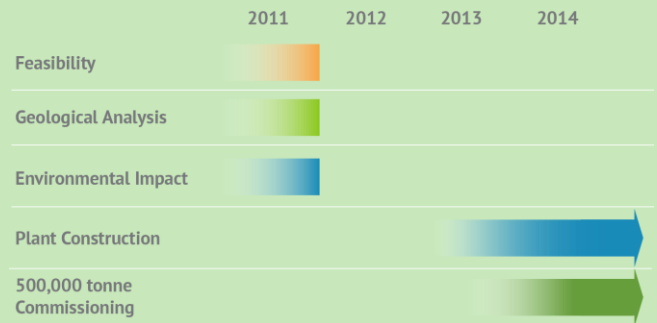
Significant Mineral Resource on 7.5% of the Permit*

Resources Category	Area (x10 ⁶ m ²)	Recoverable Resource mmt	KCl Grade Range %	KCl Resource mmt	MgCl ₂ Grade Range%	MgCl ₂ Resource mmt
Indicated	42.9	407.8	13% - 17%	56.2	3% - 15%	50.2
Inferred	174.2	1234.9	13% - 19%	186.3	3% - 15%	130.9

* based on the NI 43-101 compliant Preliminary Assessment report prepared by ERCOSPLAN Ingenieuresellschaft Geotechnik und Bergbau mbH, North Rim Exploration Ltd. and Foster Wheeler USA Corporation, August 2010.

Attractive Construction Profile & Timeline

The Company intends to construct and operate a solution mining facility capable of producing 2 million tonnes of potash per year. The production plan calls for a staged approach to plant construction whereby the first phase of the project will result in production of 500,000 tonnes of potash per year, ultimately increasing to 2 million tonnes of potash per year within 6 years of initial production.



Products

Premium Potash Prills (Agricultural)



- Ideally suited for air seeders and bulk blending
- Uniform size
- Less than 1% sodium chloride content
- Excellent storage and handling characteristics

Compacted Potash Flake (Industrial)



- Industrial grade
- Ideal for bulk handling

Investor Highlights

- Completed IPO in December 2010, with exercise of over-allotment option in January 2011, raising over \$64 million in total
- Selected world-renowned engineering firm, Foster Wheeler, to lead the Feasibility Study, in conjunction with GeoEngineers Inc. and ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH
- Strong potash industry fundamentals
- A significant potash resource supported by existing infrastructure
- Low capital expenditures and operating costs
- Near-term production of 500,000 tonnes per year, with plans to expand to two million tonnes per year
- Opportunity for expansion of both production and resource base

Analyst Coverage

- BMO Capital Markets
- Dundee Capital Markets

Management

Robin L. Phinney, P. Eng.,
President, Chief Executive Officer and Director

Ronald Love, CA,
Vice-President, Finance, Chief Financial Officer and Director

Julius Brinkman,
Vice-President, Corporate Development

Siu Ma, MBA, P. Eng.,
Vice-President, Engineering, Research and Development

Robert T. Macgillivray,
Vice-President, Marketing

Henry Kerkhoven, MBA, PMP,
Vice President, Administration

Board of Directors

Bruce Townsend, Chairman
Ian Brown, CA, Director
Mark Wayne, Director
Paul Sharpe, Director
Robin Phinney, President & CEO
Ronald Love, CFO & VP Finance

Contact Information

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