



Box 10018, Harbour RPO
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November 19, 2018

Peter Matson
Chairman of the Board
Karnalyte Resources Inc
3150B Faithfull Avenue
Saskatoon, SK S7K 8H3
(Sent by Canada Post and by email to KRN via info@karnalyte.com)

Dear Mr Matson,

As a shareholder of Karnalyte Resources Inc., I would like to file a complaint and request your immediate action to stop what appears to be manipulative and deceptive undertakings of the Board of Directors over the past 18 months.

I believe that your Board has committed a number of securities law contraventions in the past 18 months that may include, but are not limited to:

1. Deceptive and purposeful shareholder vote manipulations at 2018 General Annual Meeting of Karnalyte Resources resulting in fraudulent results being reported
2. Fiduciary Duty failure of the Board to reveal offers to finance development to shareholders
3. Fiduciary Duty failure of the Board to provide quarterly financial reports to shareholders
4. Fiduciary Duty failure of the Board to provide Year End Financial Statements to shareholders until 15 minutes ahead of Annual Meeting
5. Fiduciary Duty failure of the Board to accept nominations to the Board of Directors from shareholders with support of more than 5% of the shareholders

6. Fiduciary Duty failure of the board by manipulative and deceptive activities to **write off** the primary assets of the corporation (Valued at more than \$100 Billion dollars)

7. Fiduciary Duty failure by way manipulative and deceptive activities by Board of Directors to deliver increased value for the shareholders through what appears to be short selling to drive share price down, share dilution through supposed cash grab scam on November 14 with no notice delivered to shareholders.

8. Fiduciary Duty failure by way manipulative and deceptive activities to enable foreign government shareholder to increase shareholding to 47.5% thus enabling current board to take full control of company without any shareholder discussion or input.

9. Fiduciary Duty failure by way manipulative and deceptive activities to change the direction of the company without shareholder discussion or input

10. Fiduciary Duty and Duty of Care failure by way presenting a plan to exhaust all company cash with in 18 months, including funds raised in the current rights offer, while ignoring current valid offers to finance and failing to draw on the original financial plan that enabled a foreign company to take a significant role in this Canadian resource, a clear conflict of interest.

In Canada, Corporate Directors owe Fiduciary Duties to the corporation that they serve. Directors must ensure the corporation's interests are paramount. It is the fiduciary duty of the director **to act honestly and in good faith, with a view to the best interests of the corporation.** The Fiduciary Duty also prevents directors from pursuing, for their own benefit, business opportunities that belong to the corporation. The prohibition may extend even further, creating a duty whereby directors must bring to the attention of the corporation, including shareholders, opportunities of which they become aware and in which the corporation may be interested.

Canadian corporation statutes require that when directors act, they exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances - a Director's Duty of Care.

It would appear, as a shareholder, that both **Fiduciary responsibilities and Duty of Care obligations are being blatantly ignored by the current, self-appointed board.**

The **board of directors'** key purpose is to **ensure the company's prosperity** by collectively directing the company's affairs, whilst **meeting the appropriate interests of its shareholders and stakeholders.**

That being said, please explain to me, in writing, before 5 pm on November 21, 2018 how your current "Rights Offer" and plan to completely drain the treasury within 18 months meets the appropriate interests of its shareholders and stakeholders? Email your response to randy@roibusinesscoaching.com and CC the attached complaint recipients.

It would appear that you and the board are making a blatant move to give GSFC an opportunity to walk away with the company's \$100 B asset along with control of the corporation, which I believe was their original intent with their involvement with Karnalyte. I strongly urge you to stop this action immediately.

Best regards,



Charles R Jackson
President

CC: David Linder, Exec Dir,. ASC, (mailed)
Delores Ivany-Fagan, Complaints, ASC, complaints@asc.ca
RCMP - Alberta Headquarters Joint Serious Offences Team (mailed)
IIROC - enforcement@iiroc.ca
Saskatchewan Securities Commission Acting Deputy Director of Enforcement -
harvey.White@gov.sk.ca
Ontario Securities Commission - Inquiries@osc.gov.on.ca
Bob Nault MP BOB.NAULT@PARL.GC.CA
Wayne Anderson MLA Highwood AB highwood@assembly.ab.ca