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1

Manufacturers of Quality Hovercraft

April 9, 2018

Dear Mr. Awadh,

Thank you for your letter of 6th of April 2018.

You are correct in that my request was made pursuant to sec 131 (4) of the Business Corporations Act (Alberta)

Having said that, all of the shareholders that signed the pledge sheets authorizing me to represent them, have reconfirmed to me that they in fact, either individually or on behalf of corporations controlled by them, own the stated number of shares of Karnalyte.

Where I am at a disadvantage is that I do not have access to the Corporate Registry to compare the list of 1, 615, 957 that was forwarded to you VS the 997,738 referenced in your letter and, and I think we both agree that there is a significant difference.

Consequently, would you please forward me your comparable registry list, in order that I am in a position to reconcile and resolve this difference Immediately.

Thank you for you for your anticipated prompt attention.

Best Regards



Dave Van Dam

CC Karnalyte Resources Inc.

Date: October 1, 2018

Dave Van Dam

34 Sandstone Place

Kenora Ontario, P9N 4E3

By way of proxy, I represent at least 5% of the shareholders of Karnalyte Resources Inc (an Alberta Company). I had asked the board to consider allowing 3 individuals (myself included) to run for directors at their annual meeting on June 7, 2018. Having said that and although I believed I had complied with all the requirements of the Alberta Corporations Act (including adequate timing) I was declined.

I subsequently attended the annual meeting with photo copies of all the proxies that I had voted and was representing. However, the AST representative advised me she had a different number of proxies, which I believe was fairly significant. Both of those incidents lead me to believe the company and AST/DF King were not acting in good faith.

Further, I was advised by 4 shareholders (that I held proxies for, and that were with the CIBC and Scotia I Trade) that their votes were altered, and in that regard I am attaching the following correspondence.

- A) EnerNext letter
- B) CIBC bank information showing the vote alterations
- C) Scotia I Trade advising of vote alterations
- D) Proxies with voting confirmations (7)

In addition, I subsequently learned that EnerNext had written a letter on behalf of shareholders asking you to investigate this entire matter. Further we were advised EnerNext requested a copy of the June 7, 2018 voting records from Karnalyte Resources Inc. and that was also declined.

As a result of this, I feel strongly that this company (KRN) has done everything in its power to block individuals running as directors, including, vote tampering.

In closing, I am requesting that the Alberta Securities Commission investigate this matter immediately, and send this information to the RCMP, as these matters go back over a 9 month period.

I respectfully ask for your confirmation that you will be considering and dealing with this in the next 7 days.

I anticipate you will find the above self-explanatory, however if you require any further explanations, please contact me at 807 547 2322 or email sales@vanairhovercraft.com.

Thank you for your cooperation.

Sincerely

Dave Van Dam

Re: KARNALYTE RESOURCES

Dear Assessment;

I, Thomas Villeneuve am a substantial shareholder of Karnalyte Resources. I'm writing to you bring to your attention to an issue that is puzzling me more and more as I continue to watch the share price of Karnalyte Resources decline and what seems like, will never recover.

Back in March of 2018, I pledged my shares to another shareholder, Mr. Dave Van Dam, to represent me, to enable himself and two other individuals to run for the board of directors at Karnalyte Resources. The election of directors was to take place at the annual meeting to be held on June 7, 2018 in Saskatoon, Saskatchewan. It was my understanding that Mr. Van Dam met all the requirements to be nominated.

When the Notice of Annual Meeting of Shareholders and Management arrived at my home, dated May 14, 2018, I noticed that Mr. Van Dam and the two other nominees were not listed as running for the board. I concluded at that time that an actual vote would be taken at the meeting to elect any nominees and since I would be attending the June 7 meeting in Saskatoon, I could vote there and then. By the way, I received two circulars from Karnalyte resources, this felt irregular to me also at that time.

While entering the Karnalyte annual meeting, I observed Mr. Van Dam present himself to an AST Trust Co. representative and I was informed later that he had been told that "there was a discrepancy between the number of votes he was representing and the totals AST presented." I did witness the puzzled look on Mr. Van Dams face at entry to the meeting, but had not been close enough to hear the conversation that took place.

It is unclear to me as to how AST and DF King could not be precise as to who had voted and how, validating Mr Van Dams numbers. Something was terribly amiss here!

Mr. Van Dam and the other two nominees were not nominated during the meeting, nor was any specific explanation offered other than " all the nominees that met the requirements were on the ballots." During the question and answer period towards the end of the annual meeting, it came out that "the other nominees (Mr. Van Dam and company I presume) were too late!"

It is my understanding that Mr. Van Dam and the two other nominees met all requirements of the Alberta Corporations Act, including the timing.

Back in August of 2018, I couldn't clear my mind of what had taken place and remembered reading in the notice of annual meeting information circular, under voting information, that "AST's internet voting system would not be available...", but I had voted on line at

4

proxyvote.com, as instructed by itrade, my broker, on the voting instructions they had sent me. In an attempt to clarify, I decided to follow up with itrade, hoping my votes were counted.

I was stunned to find out that my votes according to itrade, indicated that I had "abstained" on all four of my investment accounts that contain Karnalyte Resources shares. By the way, the majority of these accounts are my registered retirement savings along with the registered educational savings plan for my two daughters. According to itrade, "abstained meant that I was going to vote at the meeting". However, this is not how I voted, I know precisely how I voted on my four control numbers as I kept records from May 26, 2018, the day I voted on proxyvote.com

I have a feeling in my gut that a few things are terribly wrong here. First it appears that Mr. Van Dam and company may have been kept off the list of nominees for the board of directors at Karnalyte Resources. I would start with a complete accounting of votes from AST Trust and DF King.

Secondly, I cannot understand as to why my votes were recorded as "abstained" at itrade as I know precisely what I voted for, against and withheld on. I did not indicate "abstain" at all, on anything!

Therefore, I petition the Alberta Securities Commission to take a detailed, in depth look at this situation at their earliest convenience. I would also like them to forward any irregularities or situations where guidelines or laws have been broken, to the appropriate authorities including the RCMP. I appreciate your immediate attention to this matter and if you require any additional information or clarification, please do not hesitate to contact me as indicated above.

Something appears very wrong here.

Sincerely,

Thomas D. Villeneuve