

KARNALYTE RESOURCES INC.

Board of Directors Charter

Effective May 10, 2013

MAJOR GOALS

The major goals and responsibilities of the board of directors (the "**Board**") of Karnalyte Resources Inc. (the "**Corporation**") are to:

- oversee the management of the business and affairs of the Corporation;
- establish policy direction and the fundamental objectives of the Corporation;
- protect and enhance the assets of the owners of the Corporation and to look after their interests in general; and
- ensure continuity in the governance of the Corporation.

MAJOR DUTIES

1. Determine and control in broad terms the purposes, goals, activities, and general characteristics of the Corporation. These duties range from establishing objectives, scope of operations, fundamental strategies and policies and key strategic initiatives down to approving annual budgets, long-range plans, major capital investments, mergers and acquisitions, issuance of stock options and stock, and other specific actions that are likely to have a substantial effect on the Corporation or that the Board is legally required to take. Day-to-day operation of the Corporation's business is, generally speaking, the responsibility of management.
2. Appoint a chief executive officer, chief financial officer and the other officers, define their respective duties, monitor and evaluate their performance, provide for adequate succession, and replace the chief executive officer or other officers when appropriate.
3. Identify the principal risks of the Corporation's business and ensure the implementation of appropriate systems to manage these risks.
4. Oversee corporate financial operations, including:
 - debt and equity financings;
 - selection of outside auditors for approval by the shareholders; and
 - appoint an audit committee, oversee the activities of the audit committee and receive and consider the recommendations of the audit committee with respect to the financial statements of the Corporation and related disclosures, reports to shareholders and other related communications, establishment of appropriate financial policies and integrity of accounting systems and internal controls.
5. Set policies related to, and assist management in its relations and sensitive communications with:
 - shareholders;
 - the investing public;

- governments and regulatory agencies;
 - employees;
 - the financial community;
 - communities in which the Corporation operates; and
 - appoint a compensation and corporate governance committee, oversee the activities of the compensation and corporate governance committee and receive and consider the recommendations of the compensation and corporate governance committee.
6. Require the Corporation to comply with appropriate laws and regulations.
7. Manage Board operations, which includes to:
- fix the size of the Board and, subject to the approval of the shareholders, determine its membership;
 - appoint a chairman and if desirable a lead director, appropriate committees including an audit committee, compensation and corporate governance committee, and committee chairmen;
 - define the duties of the chairman and the committees;
 - be responsible, through the compensation and corporate governance committee, for developing the Corporation's approach to governance issues generally, including its response to any applicable governance guidelines;
 - formulate, through the compensation and corporate governance committee, rules and guidelines governing and regulating the affairs of the Board such as tenure, retirement and compensation of directors;
 - ensure that the information needs of the members of the Board are being met; and
 - assess any actual, apparent or perceived conflicts arising as a result of any individual business interests of directors.

**ROLE AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER,
CHAIRMAN OF THE BOARD AND COMMITTEE CHAIRS**

Chairman of the Board

The chairman of the Board, and if appointed, the lead director in conjunction with the chairman of the Board, shall have, among others, the following responsibilities:

- in conjunction with the chief executive officer, planning the meetings of the Board, establishing the agenda of these meetings, and coordinating the activities of the corporate secretary as regards the affairs of the Board and its committees;

- chairing all of the meetings of the Board, ensuring the proper and efficient conduct thereof, ensuring that all members are able to express their opinions on the topics being discussed and making sure that the decisions made by the Board are clear;
- ensuring that all strategically important issues are communicated to the Board for approval and that the Board receives the information, reports, documents it needs to allow its members to assume their role fully;
- following up on the implementation of decisions made by the Board;
- ensuring that all policies of the Board relating to compliance with regulations as well as ethics and conduct standards are communicated to all interested parties;
- receiving any complaint respecting breaches of the code of conduct on the part of the independent directors and bringing these to the attention of the Board in order that the matter may be dealt with appropriately; and
- in collaboration with the chairs of the committees, ensuring that the Board and each of its committees respect their respective mandates (or charters).

Chief Executive Officer

The chief executive officer shall have, among others, the following responsibilities:

- in conjunction with the chairman, planning the meetings of the Board and establishing the agenda of the meetings;
- supervising the management team and employees of the Corporation;
- in collaboration with the management team, preparing strategic plans and budgets, financial statements and any other information respecting the affairs of the Corporation that must periodically be submitted to the Board for approval or verification;
- ensuring the daily management and execution of the strategic plan of the Corporation as well as implementing the decisions, guidelines and policies of the Board;
- ensuring the efficient use of resources available to the Corporation to reach its strategic objectives, including its objectives in terms of growth and short- and long-term profitability;
- representing the Corporation before the principal interested parties: employees, shareholders, financial world, governments and general public; and
- receiving any complaint respecting breaches of the code of conduct on the part of the officers and employees and bringing these to the attention of the Board in order that the matter may be dealt with appropriately.

Committee Chairs

Every chair of a Board committee shall have, among others, the following responsibilities:

- planning committee meetings, establishing the agenda of these meetings and coordinating the activities of the corporate secretary as regards the affairs of the committee; and

- chairing all of the meetings of the committee, ensuring the proper and efficient conduct hereof, ensuring that all members are able to express their opinions on the topics being discussed and making sure that the decisions or recommendations made by the committee are clear.

The chair of a committee shall report to the Board in matters relating to his mandate and to the work of his committee.

MATTERS WHICH REQUIRE BOARD APPROVAL

The following matters require the review and approval of the Board or a Board committee (for the purposes of the following, unless the context otherwise requires, the Corporation shall include all subsidiaries of the Corporation):

- the issuance by the Corporation of any securities, including all equity or debt financings;
- the Corporation's annual budget (including a capital budget) and business plan;
- any expenditures in the approved annual budget that exceed the budget for that expenditure by the greater of 20% or \$500,000, and all unbudgeted expenditures exceeding \$100,000 unless an offset budgeted expenditure is found in the approved annual budget;
- any acquisitions or divestitures of businesses, assets or companies outside the ordinary course of business;
- any contracts or transactions with directors or officers of the Corporation or entities in which the director or officer of the Corporation has a direct or indirect beneficial interest, excepting employment or consulting contracts with the Corporation;
- any amendments to the Corporation's articles or by-laws;
- any material change to the Corporation's business;
- any lease, loan or similar transaction where the Corporation's obligations during the term of the lease, loan or similar transaction exceed \$100,000;
- any hedge, swap or futures transaction;
- any change to the Corporation's charters or policies where those charters or policies were previously approved by the Board or a Board committee; and
- any matter that is required to be approved by the Board, a Board committee or the shareholders of the Corporation pursuant to the *Business Corporations Act* (Alberta), securities legislation applicable to the Corporation or the rules of any exchange on which the securities of the Corporation are listed.