

KARNALYTE RESOURCES INC.

Compensation and Corporate Governance Committee Charter

OVERALL ROLE AND RESPONSIBILITY

The compensation and corporate governance committee (the "**Committee**") of the board of directors (the "**Board**") of Karnalyte Resources Inc. (the "**Corporation**") shall:

- (a) assist the Board in its oversight role with respect to the Corporation's global human resources strategy, policies and programs;
- (b) assist the Board in its oversight role with respect to all matters relating to proper utilization of human resources within the Corporation, with special focus on management succession, development and compensation;
- (c) identify individuals qualified and suitable to become Board members and make recommendations to the Board in that regard;
- (d) assist the Board in its oversight role with respect to,
 - (i) the development of the Corporation's corporate governance policies, practices and processes;
 - (ii) the effectiveness of the Board and its committees;
 - (iii) the contributions of individual directors;
- (e) review on a periodic basis the composition of the Board members ensuring that an appropriate number of directors sit on the Board, as well as analyzing what competencies and skills the board, as a whole, should possess; and
- (f) assess what competencies and skills each existing director possess.

MEMBERSHIP AND MEETINGS

The Committee shall consist of two or more directors appointed by the Board, at least half of whom shall be independent. The quorum for the transaction of business at any meeting of the Committee shall consist of a majority of the members of the Committee or such greater or lesser number of members as the Board may from time to time determine.

The Board shall designate one member of the Committee as the Committee chair. Members of the Committee shall serve at the pleasure of the Board for such term or terms as the Board may determine.

The Committee shall meet as often as required, but not less frequently than one time a year. The Committee shall report to the Board on its activities after each of its meetings.

Any director of the Corporation may attend a Committee meeting whether or not such director is a member of the Committee, but only members of the Committee may vote on matters before the Committee.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution. The Committee may create one or more subcommittees and may delegate, in its discretion, all or a portion of its duties and responsibilities to such subcommittees.

The powers of the Committee may be exercised by a resolution in writing signed by all the members of the Committee entitled to vote on that resolution.

The Committee shall review and assess the adequacy of this charter periodically and, where necessary, will recommend changes to the Board for its approval.

SPECIFIC DUTIES

Succession and Review

- Review succession and leadership plans and make appropriate recommendations to the Board periodically regarding the remuneration of the Corporation's officers.
- Review periodically the assessment of the performance of officers as provided to the Committee by the chief executive officer.

Remuneration

- Establish an overall compensation policy for the Corporation and monitor its implementation, with special attention devoted to the senior officers.
- Review and make recommendations to the Board periodically regarding the Corporation's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans, executive stock option plans and grants and benefit plans (including the group life and health program).
- Review and approve periodically all compensation arrangements with the chief executive officer and the chief financial officer.
- Review the executive compensation sections disclosed in the proxy circular distributed to shareholders.
- Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

Corporate Governance

- Review periodically corporate governance practices and recommend appropriate policies, practices and procedures.
- Review periodically the adequacy and effectiveness of the Board's governance policies and make appropriate recommendations for their improvement.

- Review the corporate governance sections of the proxy circular distributed to shareholders.
- Assess shareholder proposals as necessary for inclusion in the proxy circular, and make appropriate recommendations to the Board.

Composition and Compensation of the Board

- Recommend to the Board appropriate criteria for the selection of new directors, periodically review the criteria adopted by the Board and, if deemed desirable, recommend to the Board changes to such criteria.
- Review periodically the skills, areas of expertise, backgrounds, independence and qualifications of the members of the Board.
- Consider the competencies and skills that the Board considers to be necessary as a whole for the Board to possess.
- Consider the competencies and skills that the Board considers each existing director to possess, as well as the competencies and skills each new nominee will bring to the boardroom.
- Consider the appropriate size of the Board, with a view to facilitating effective decision-making.
- Identify and recommend qualified candidates to the Board, and recommend the slate of nominees for election by shareholders at the annual meeting.
- Review and recommend periodically to the Board the election of the chairman of the Board.
- Identify directors qualified to fill vacancies on any committee of the Board (including the Committee), and recommend that the Board appoint the identified director or directors to the respective committee.
- Determine the nature and extent of an orientation and education program for new directors.
- Review periodically the level of compensation for the Board and its committees and make recommendations to the Board with respect thereto.
- Assess periodically the performance, goals and objectives of the chief executive officer and make appropriate recommendations to the Board.

General Review of the Board

- Review periodically the actual and potential conflicts of interest and continuing qualifications of members of the Board.
- Review the relationship of the Board with management.

- Consider, and if appropriate, approve requests by members of the Board to engage outside advisors, at the Corporation's expense, with respect to matters before the Board or any committee.

INDEPENDENT ADVISORS

The Committee shall have the authority to retain such independent advisors as it may deem necessary or advisable for its purposes. The expenses related to such engagement shall be funded by the Corporation.