

# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

(to be held on June 25, 2024)

# AND MANAGEMENT INFORMATION CIRCULAR

Dated May 16, 2024

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KARNALYTE RESOURCES INC.

# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Karnalyte Resources Inc. (“**Karnalyte**” or the “**Company**”) will be held at the Saskatoon Club, 417 21st Street East, Saskatoon, Saskatchewan, on Tuesday, June 25, 2024, at 9:30 a.m. (Saskatoon time) for the following purposes:

1. to elect the board of directors of the Company;
2. to receive the annual audited financial statements of the Company for the financial year ended December 31, 2023, together with the report of the auditors thereon;
3. to re-appoint the auditors of the Company and to authorize the board of directors of the Company to fix their remuneration; and
4. to transact such further or other business as may properly be brought before the Meeting or any adjournment thereof.

## Other Important Information

The board of directors of the Company (the “**Board**”) has fixed May 16, 2024 as the record date (the “**Record Date**”) for determining Shareholders who are entitled to receive notice of and to vote at the Meeting. Only Shareholders of record of the Company on the Record Date are entitled to receive notice of the Meeting and to attend and vote at the Meeting.

This Notice of Meeting is accompanied by a management information circular (the “**Information Circular**”). The specific details of the matters to be put before the Meeting as identified above are set forth in the Information Circular. The Information Circular provides additional information relating to the matters to be dealt with at the Meeting and should be reviewed carefully by Shareholders. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Meeting will be held at a time and place to be specified either by the Company before the Meeting or by the Chairperson at the Meeting to be adjourned or postponed.

The Company is using the notice-and-access procedures prescribed by securities legislation to deliver the Information Circular to Shareholders. The purpose of the notice-and-access procedures is to improve the process by which reporting issuers, such as the Company, send proxy-related materials to and solicit proxies and voting instructions from registered holders and beneficial owners of their securities. Under the notice-and-access procedures, the Company will mail to each Shareholder a notice package (the “**Notice Package**”) that contains, among other things: (a) instructions on how to access an electronic copy of the Information Circular on the Internet, or obtain a paper copy if an electronic copy is insufficient or unsatisfactory; and (b) a paper Form of Proxy or Voting Instruction Form, as applicable. The Company expects the notice-and-access procedures to substantially reduce the printing and mailing costs associated with the Meeting as well as its environmental footprint.

Registered Shareholders may vote their Common Shares in person at the Meeting or by Proxy. Registered Shareholders who are unable to attend the Meeting, or any adjournment thereof, in person are requested to date, sign and return their Forms of Proxy for use at the Meeting or any adjournment thereof. Proxies must be received by Olympia Trust Company, the registrar and transfer agent of the Company, at PO Box 128, STN M, Calgary, AB T2P 2H6, Attn: Proxy Dept., by e-mail to proxy@olympiustrust.com, or by Internet voting at <https://css.olympiustrust.com/pxlogin> and entering the 12-digit control number shown on reverse of your Form of Proxy. **To be effective, the Proxy must be received by Olympia Trust Company by 9:30 a.m. (Saskatoon time) on June 21, 2024 or, if the Meeting is adjourned, by 9:30 a.m. (Saskatoon time) on the second Business Day prior to the date on which the Meeting is reconvened.** Non-registered Shareholders should consult the Notice Package or the Information Circular for instructions on how to vote their Common Shares at the Meeting.

Shareholders may also join the Meeting in listen-only mode by webcast or conference call. Shareholders joining the Meeting by webcast or conference call will not be able to vote, speak, or otherwise participate in the Meeting. A Shareholder who does not attend the Meeting in person may submit questions to the Company in advance of the Meeting by sending an email identifying the Shareholder to info@karnalyte.com by 9:30 a.m. on June 21, 2024. Shareholders' questions will be addressed at the Meeting (subject to Shareholder verification by the Company and confirmation of the relevance of the subject matter). The webcast and conference call details are as follows:

**RapidConnect URL:** To instantly join the conference call by phone, please use the following URL to register yourself and be connected into the conference call automatically: <https://emportal.ink/3Wy8NwX>

**Webcast:**

<https://app.webinar.net/Y3OGbAgB1d9>

**Conference Call:**

Toll free: 1-888-664-6392

**DATED** as of May 16, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed "Danielle Favreau")*

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**Danielle Favreau**

Interim Chief Executive Officer

Karnalyte Resources Inc.

# MANAGEMENT INFORMATION CIRCULAR

## INTRODUCTION

This Information Circular is furnished in connection with the solicitation of Proxies by and on behalf of the management of Karnalyte for use at the Meeting to be held on June 25, 2024 and any adjournments thereof. No person has been authorized by the Company to give any information or make any representation in connection with any matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under “*Glossary of Terms and Abbreviations*”.

The information contained in this Information Circular is given as of May 16, 2024 unless otherwise specifically stated.

All dollar references in the Information Circular are in Canadian dollars, unless otherwise indicated.

## GLOSSARY OF TERMS AND ABBREVIATIONS

The following is a glossary of certain terms and abbreviations used in this Information Circular.

“**ABCA**” means the *Business Corporations Act* (Alberta), RSA 2000, c B-9, as amended.

“**Annual Information Form**” means the annual information form of the Company dated March 25, 2024 for the year ended December 31, 2023 available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).

“**Audit Committee**” means the audit committee of Karnalyte.

“**Beneficial Shareholder**” is a Shareholder whose Common Shares are registered in the name of an Intermediary, as described under the heading “*Voting by Beneficial Shareholders*” in this Information Circular.

“**Board of Directors**” or “**Board**” means the board of directors of Karnalyte, unless otherwise indicated.

“**Broadridge**” means Broadridge Financial Solutions, Inc.

“**Business Day**” means any day on which commercial banks are generally open for business in Calgary, Alberta and Toronto, Ontario, other than a Saturday, Sunday or statutory public holiday.

“**Code of Conduct**” means the code of conduct of the Company.

“**Common Shares**” means common shares in the capital of Karnalyte.

“**Company**” means Karnalyte Resources Inc.

“**Compensation, Corporate Governance and Nominating Committee**” means the compensation, corporate governance and nominating committee of the Company.

“**Form of Proxy**” means a written or printed form that, on completion and execution by or on behalf of a Registered Shareholder, becomes a Proxy.

“**GSFC**” means Gujarat State Fertilizers & Chemicals Ltd.

“**Information Circular**” means this management information circular dated May 16, 2024, together with all appendices hereto, distributed by Karnalyte in connection with the Meeting.

“**Intermediary**” means a broker, investment dealer, bank, trust company, trustee, nominee or other intermediary that holds Common Shares for or on behalf of a Beneficial Shareholder.

“**Karnalyte**” means Karnalyte Resources Inc.

“**Management Nominees**” means Sanjeev V. Varma, D.C. Anjaria, Derek Hoffman, Dilip V. Pathakjee, and Ritu Malhotra.

“**Meeting**” means the annual meeting of Shareholders to be held on June 25, 2024 and any adjournment(s) thereof to consider and to vote on the matters as further described in this Information Circular.

“**Named Executive Officer**” or “**NEO**” has the meaning ascribed thereto under the heading “*Statement of Executive Compensation*” in this Information Circular.

“**NOBO**” has the meaning ascribed thereto under the heading “*Voting by Beneficial Shareholders*”.

“**Notice of Meeting**” means the Notice of Annual Meeting which accompanies this Information Circular.

“**Notice Package**” has the meaning ascribed thereto under the heading “*Notice-and-Access*”.

“**OBO**” has the meaning ascribed thereto under the heading “*Voting by Beneficial Shareholders*”.

“**Option**” means an option to acquire a Common Share granted pursuant to the Stock Option Plan.

“**Participant**” means a person eligible to receive Options under the Stock Option Plan, being directors, officers, employees and consultants of the Company or any subsidiaries of the Company (or corporations controlled by such persons).

“**Proxy**” means a completed and executed Form of Proxy by means of which a Registered Shareholder appoints a proxyholder to attend and act on behalf of the Registered Shareholder at the Meeting.

“**Record Date**” means May 16, 2024, being the date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting.

“**Registered Shareholder**” means a Shareholder whose Common Shares are registered in his, her, or its name in the central securities register of Karnalyte maintained by, or on behalf of, Karnalyte.

“**Shareholders**” means the Beneficial Shareholders and the Registered Shareholders, and “**Shareholder**” means any one of them.

“**Stock Option Plan**” means the stock option plan of Karnalyte.

“**TSX**” means the Toronto Stock Exchange.

“**Voting Instruction Form**” means a written or printed form by means of which a Beneficial Shareholder provides voting instructions to its Intermediary for the Meeting.

## GENERAL PROXY MATTERS

### Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of Proxies by the management of Karnalyte to be used at the Meeting. Solicitations of Proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers, employees or agents of Karnalyte who will be specifically remunerated therefor. All costs of the solicitation will be borne by Karnalyte.

### Notice-and-Access

The Company is using the notice-and-access procedures prescribed by securities legislation to deliver this Information Circular to Shareholders. The purpose of the notice-and-access procedures is to improve the process by which reporting issuers, such as the Company, send proxy-related materials to and solicit proxies and voting instructions from registered holders and beneficial owners of their securities. Under the notice-and-access procedures, the Company will mail to each Shareholder a notice package (the “**Notice Package**”) that contains, among other things: (a) instructions on how to access an electronic copy of the Information Circular on the Internet or obtain a paper copy if an electronic copy is insufficient or unsatisfactory; and (b) a paper Form of Proxy or Voting Instruction Form, as applicable. The Company expects the notice-and-access procedures to substantially reduce the printing and mailing costs associated with the Meeting as well as its environmental footprint.

An electronic copy of this Information Circular is available at the Company’s issuer profile on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company’s website at [www.karnalyte.com](http://www.karnalyte.com).

### Appointment and Revocation of Proxies

Each Notice Package that a Registered Shareholder receives will contain a Form of Proxy for use at the Meeting.

The persons named in the Form of Proxy are directors or officers of Karnalyte.

**A Shareholder desiring to appoint a person (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the Form of Proxy may do so either by inserting such person’s name in the blank space provided in the Form of Proxy and, in either case, sending or delivering the Proxy to the offices of Olympia Trust Company, the Registrar and Transfer Agent of the Company, at PO Box 128, STN M, Calgary, AB T2P 2H6, Attn: Proxy Dept., by e-mail to [proxy@olympiatrust.com](mailto:proxy@olympiatrust.com), or by Internet voting at <https://css.olympiatrust.com/pxlogin> and enter the 12-digit control number shown on the reverse of your Form of Proxy. To be effective, the Proxy must be executed as described under “*Signature of Proxy*” and the Proxy must be received by Olympia Trust Company by 9:30 a.m. (Saskatoon time) on June 21, 2024 or, if the Meeting is adjourned, by 9:30 a.m. (Saskatoon time) on the second Business Day prior to the date on which the Meeting is reconvened.**

Failure to so submit a Proxy in accordance with the foregoing instructions shall result in its invalidation. Late Proxies may be accepted or rejected by the chairperson of the Meeting in his or her discretion and the chairman is under no obligation to accept or reject any particular late Proxy.



A Shareholder who has given a Proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Shareholder as described under “*Signature of Proxy*” and deposited: (i) with Olympia Trust Company as described above on or before the last Business Day preceding the day of the Meeting or any adjournment thereof; or (ii) with the chairperson of the Meeting on the day of the Meeting or any adjournment thereof.

The Board has fixed the record date for the Meeting as at the close of business on May 16, 2024. Shareholders of record as at the Record Date are entitled to receive notice of, attend and vote at the Meeting.

### **Signature of Proxy**

The Form of Proxy must be executed by the Shareholder or his or her attorney authorized in writing, or if the Shareholder is a corporation, the Form of Proxy should be signed in its corporate name by an authorized officer whose title should be indicated. A Proxy signed by a person acting as attorney or in some other representative capacity should reflect such person’s capacity following his signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Karnalyte).

### **Voting of Proxies**

The persons named in the Form of Proxy will vote or withhold voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them. **In the absence of such direction, such Common Shares:**

- will be voted FOR the election of the Management Nominees; and
- will be voted FOR the re-appointment of the external auditors of the Company and authorizing the Board to fix their remuneration, as described under the heading “*Appointment of External Auditors*”.

### **Exercise of Discretion of Proxy**

The Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and this Information Circular and with respect to other matters that may properly come before the Meeting. At the date of this Information Circular, management of Karnalyte knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

### **Voting by Registered Shareholders**

A Registered Shareholder may vote his or her Common Shares personally at the Meeting or by the person to whom such Registered Shareholder has given a Proxy.

### **Voting by Beneficial Shareholders**

Beneficial Shareholders should note that only Proxies deposited by Registered Shareholders whose names appear on the records of Karnalyte as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of Karnalyte. Such Common Shares will more likely be registered under the name of the Shareholder’s

Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian Intermediaries). Common Shares held by Intermediaries can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting the Common Shares. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.

### ***Giving Your Voting Instructions***

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The Voting Instruction Form supplied to a Beneficial Shareholder by its Intermediary is similar to the Form of Proxy provided to Registered Shareholders by Karnalyte. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge provides a Voting Instruction Form to the Beneficial Shareholders, and asks Beneficial Shareholders to return the Voting Instruction Forms to Broadridge. Often, Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their Common Shares or a website address where Common Shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Common Shares directly at the Meeting. The Voting Instruction Form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted at the Meeting.**

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Company are referred to as non-objecting beneficial owners (“**NOBOs**”). Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Company are referred to as objecting beneficial owners (“**OBOs**”).

The Company will not send Proxy-related materials directly to NOBOs. Such materials will be delivered to NOBOs by Broadridge or through the NOBOs' Intermediaries. The Company will pay for the costs of an Intermediary to deliver the Proxy-related materials to OBOs (who have not otherwise waived their right to receive Proxy-related materials).

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary, a Beneficial Shareholder may attend at the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the Voting Instruction Form provided to them and return the same to their Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

### **Voting Securities and Principal Holders Thereof**

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. As at the date of this Information Circular,

53,283,982 Common Shares and nil preferred shares are issued and outstanding. Each holder of Common Shares is entitled to vote at the Meeting on the basis of one (1) vote for each one (1) Common Share held. The Company does not have any other class of voting securities.

The by-laws of the Company provide that one (1) person present and representing in person or by Proxy not less than ten percent (10%) of the issued and outstanding Common Shares entitled to vote at the Meeting constitutes a quorum for the Meeting.

To the knowledge of the directors and executive officers of the Company as at the date of this Information Circular, the only person or company who beneficially owns, controls or directs, directly or indirectly, Common Shares carrying more than ten percent (10%) of the voting rights of the outstanding Common Shares is as follows:

Name and Municipality of Residence	Designation of Class	Type of Ownership	Number of Common Shares	% of Common Shares
Gujarat State Fertilizers and Chemicals Limited Vadodara, Gujarat State, India	Common Shares	Direct	25,434,558	47.73%

## **BUSINESS OF THE MEETING**

### **Receiving the Financial Statements**

The annual audited financial statements of the Company for the most recently completed financial year ended December 31, 2023, together with the auditor's report thereon will be presented at the Meeting but will not be subject to a vote. We have mailed such documentation, together with our 2023 MD&A to those Shareholders who opted to receive them. These documents are also available on the Company's issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and free of charge on our website at [www.karnalyte.com](http://www.karnalyte.com).

### **Matters to be Voted on**

Shareholders will be asked to vote on the following items of business:

1. the election of the Board of Directors of the Company;
2. the re-appointment of the auditors of the Company and to authorize the Board of Directors of the Company to fix their remuneration; and
3. the transaction of such further or other business as may be properly brought before the Meeting or any adjournment thereof.

### **Election of Directors**

The Board is authorized to set the number of directors to be elected at the Meeting. The Board passed a resolution on May 14, 2024 to the effect Shareholders will be asked at the Meeting to elect five (5) directors for a one-year term ending at the next annual meeting of Shareholders. In presenting directors for election we follow an individual director voting practice, which provides that each director be presented on an individual basis as opposed to a slate basis. Accordingly, the Form of Proxy allows Registered Shareholders to vote for each director on an individual basis.

## Management Nominees

Management has nominated the following five (5) individuals for election as directors at the Meeting. Shareholders can vote “for”, or “withhold” their vote from, each individual nominee.

In uncontested meetings, if a nominee does not receive a majority of “for” votes, the Company’s majority voting policy applies. In contested meetings, the Company’s majority voting policy does not apply. The Company’s majority voting policy is available on the Company’s website at [www.karnalyte.com](http://www.karnalyte.com).

**It is the intention of the management designees, if named as a Proxy, to vote Proxies in favour of the election of the Management Nominees to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the Management Nominees do not stand for election or are unable to serve as directors, Proxies in favour of the management designees will be voted for another nominee in their discretion, unless the Shareholder has specified in his or her Proxy that his or her Common Shares are to be withheld from voting in the election of directors.**

The following information relating to the Management Nominees is based on information received by the Company from such nominees.

Name, Municipality of Residence, Office held and Date became a Director	Present and Principal Occupation for the Past Five Years	Number of Common Shares Beneficially Owned, Controlled, or Directed, Directly or Indirectly
D.C. Anjaria <sup>(1)(2)</sup> Ahmedabad, Gujarat State, India Director since August 9, 2019	D.C. Anjaria owns the consulting firm International Financial Solutions Pvt. Ltd. Prior to that, he was Vice President with Citibank for over 20 years. Later he was an independent advisor for financial markets and related government policies in India and Indonesia. Mr. Anjaria currently serves as an independent director of Ratnamani Metals and Tubes Ltd.  Areas of Expertise: Project Finance, Capital Markets, Government Relations and Government Policy.	Nil
Derek Hoffman <sup>(1)(2)</sup> Saskatoon, Saskatchewan, Canada Director since June 29, 2021	Derek Hoffman is a corporate/commercial lawyer with the Hoffman Group advising public and private entities in a range of industries including mining, energy, agriculture and technology. Derek also brings significant mining experience having previously served as a Partner and Leader of the Mining Group at Miller Thomson LLP, a leading Canadian law firm, and also as in-house counsel for the global mining company BHP where he advised on a broad range of matters involving mineral exploration, strategic transactions and mine and associated infrastructure development and construction. Derek obtained a Bachelor of Commerce (with Distinction) and Juris Doctor from the University of Saskatchewan.  Areas of Expertise: Corporate Law, Securities Law and Regulation, Mergers and Acquisitions, Corporate Governance, Corporate Finance, Mining and Agriculture Industry, Project Development and Construction.	28,666

<p>Ritu Malhotra<sup>(1)</sup> Saskatoon, Saskatchewan, Canada Director since June 22, 2023</p>	<p>Ritu Malhotra is the President and CEO of March Consulting Associates Inc.(March), a Saskatchewan based employee and Indigenous owned engineering consulting firm. Ritu is an accomplished business leader with experience in engineering, leadership and board governance. Ritu has experience in sponsoring and strategic management of projects in Canada's heavy industrial sector, specifically in mining and clean energy. Ritu has a Bachelors and a Ph.D. in Engineering from the University of Saskatchewan and is a registered professional engineer in the provinces of Saskatchewan, Alberta, British Columbia, Manitoba and the NWT. She was recognized as the Engineer of the Year by Saskatoon Engineering Society in 2020. She was also awarded the YWCA Women of Distinction Award in 2022 and Queen Elizabeth II Platinum Jubilee Award in 2023 for her contributions to business in Saskatchewan. An active volunteer in the community and the engineering profession, Ritu is the Chair of Saskatchewan Industrial &amp; Mining Suppliers Association (SIMSA) and serves on other industry and community association Boards. Ritu also serves on the Board of Directors of Sasktel.</p> <p>Areas of Expertise: Project Development, Project Management, Mining, Corporate Governance, Government Relations</p>	<p>60,000</p>
<p>Dilip V. Pathakjee<sup>(2)</sup> Vadodara, Gujarat State, India Director since June 29, 2021</p>	<p>Dilip V. Pathakjee is the Senior Vice President of Materials Management at Gujarat State Fertilizers and Chemicals Ltd. (GSFC), a large joint sector company with more than US \$1 billion turnover, and Karnalyte's strategic partner. Mr. Pathakjee has over 30 years of experience in operations, research and development, finance, marketing, materials management, and management of foreign projects. During the past 5 years Mr. Pathakjee has held other senior roles at GSFC including Vice President (Finance) and Senior Vice President (Finance). Mr. Pathakjee is also serving as a director with Tunisian Indian Fertilizers - TIFERT, SA. Mr. Pathakjee holds a Masters in Chemical Engineering, a Masters in Business Administration, a Post Graduate Diploma in Treasury and Risk Management and a Diploma in Industrial Psychology.</p> <p>Areas of Expertise: Project Management, Project Finance, Materials Management, Chemicals and Fertilizer, Government Relations.</p>	<p>Nil<sup>(3)</sup></p>
<p>Sanjeev V. Varma Vadodara, Gujarat State, India</p>	<p>Sanjeev Varma is currently serving as the Executive Director (Agri Business) at GSFC. Before this role, Mr. Varma held various roles during his 34 years at GSFC. He served in the Finance Department for more than 10 years heading the Project Financing, Budgeting, Financial Control and Corporate Debt Restructuring sections. He also led the Project Development Department for 5 years. He has led various core functions of GSFC including engineering services, finance, marketing, project and business development. He is a seasoned techno commercial senior executive of GSFC's Petrochemical and Fertilizer complex. In addition, he has served on the Boards of many Indian companies and two foreign joint ventures for several years. Mr. Varma obtained his Bachelor of Engineering degree from Sardar Patel University, Gujarat, India in 1990 and joined GSFC as a Trainee Engineer. While serving at GSFC, he obtained his Master of Business Administration (Finance) in 2002 from MS University Baroda securing Gold Medals for his academic achievement.</p>	<p>Nil<sup>(3)</sup></p>

Areas of Expertise: Business Development, Marketing, Finance, Project Development, Engineering Services, Government Relations.	
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**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation, Corporate Governance and Nominating Committee.
- (3) This amount does not include the 25,434,558 Common Shares held by GSFC.

***Cease Trade Orders***

To the knowledge of the Company, no proposed Management Nominee is, as of the date of this Information Circular, or was within 10 years prior to the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation and which order was in effect for a period of more than 30 consecutive days while he or she was acting in the capacity as director, chief executive officer or chief financial officer of such company; or (ii) was subject to any of the foregoing orders for a period of more than 30 consecutive days after he or she ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while he was acting in such capacity.

***Bankruptcies***

To the knowledge of the Company, no proposed Management Nominee is, as of the date of this Information Circular, or was within 10 years prior to the date of this Information Circular, a director or executive officer of a company (including the Company) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets, other than as disclosed herein.

To the knowledge of the Company, no proposed Management Nominee has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

***Penalties and Sanctions***

To the knowledge of the Company, no proposed Management Nominee has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## Receipt of Financial Statements

At the Meeting, Shareholders will receive the annual audited financial statements of the Company for the most recently completed financial year ended December 31, 2023, together with the auditor's report thereon.

## Re-appointment of External Auditors

It is the intention of the management designees, if named as Proxy, to vote proxies in favour of a resolution to re-appoint KPMG LLP, Chartered Professional Accountants, as auditors of the Company to hold office until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration, unless the Shareholder has specified in his or her Proxy that his or her Common Shares are to be withheld from voting in the appointment of external auditors.

If elected, KPMG LLP, Chartered Accountants, will hold office as auditors of the Company until the next annual meeting of Shareholders or until their successor is duly elected or appointed pursuant to the by-laws of the Company, unless their position is earlier vacated in accordance with the provisions of the ABCA or the Company's by-laws.

## CORPORATE GOVERNANCE

### General

A summary of the Company's governance practices in relation to the guidelines for effective corporate governance established pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* and National Policy 58-201 *Corporate Governance Guidelines* is set out below.

### Board Mandate

The Board has responsibility for the stewardship of the Company, which is detailed in its Board of Directors Charter, attached as Appendix "A" hereto. In carrying out this mandate, the Board meets regularly, and a broad range of matters are discussed and reviewed for approval. These matters include selecting senior management, reviewing compensation, establishing standards of business conduct and ethical behaviour, evaluating senior management performance, succession planning, overseeing strategic management and planning, overseeing risk management, affirming a control environment and overseeing capital management.

The Board strives to ensure that actions taken by the Company are in the best interest of the Company's Shareholders. The Board plans to meet at least once annually to review the Company's strategic plan and budget, and it reviews the Company's resources which are required to carry out the Company's growth strategy and to achieve its objectives.

### Board of Directors

#### *Composition of the Board*

The Board has determined that all five (5) out of the five (5) current directors are independent for the purpose of National Instrument 58-101 *Disclosure of Corporate Governance Practices*. To facilitate the exercise of independent judgment in carrying out its responsibilities, the Board ensures that directors who are not independent with respect to particular matters do not vote on such matters.

The Chairperson is responsible for providing direction to the Board in overseeing operations and strategic planning. To that end, the Chairperson is responsible for calling meetings of the Board as required between the regularly scheduled quarterly meetings and for chairing meetings of the Board. The Chairperson is readily available for consultation with the Company's executive officers. In addition to the Chairperson, the Board relies on the advice of external legal and financial advisors.

### ***Board and Committee Meeting Attendance***

There were seven (7) meetings of the Board during the financial year ended December 31, 2023 and four (4) meetings of the Board during the current financial year. The directors of the Company may meet for a portion of each Board meeting without management participants being present. The directors also have regular and full access to management.

There were four (4) meetings of the Audit Committee, and three (3) meetings of the Compensation, Corporate Governance and Nominating Committee during the financial year ended December 31, 2023. Since that time, there have been two (2) meetings of the Audit Committee and one (1) meeting of the Compensation, Corporate Governance and Nominating Committee.

The following table sets out the attendance of members at meetings of the Board and committees of the Board during 2023.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Compensation, Corporate Governance and Nominating Committee Meetings Attended
Vishvesh D. Nanavaty	7 of 7	N/A	N/A
D.C. Anjaria	7 of 7	4 of 4	3 of 3
Ritu Malhotra	4 of 4	2 of 2	N/A
Derek Hoffman	7 of 7	4 of 4	3 of 3
Dilip V. Pathakjee	7 of 7	N/A	3 of 3
Gerald Scherman	3 of 3	2 of 2	N/A

### ***Position Descriptions***

The Board has developed written position descriptions for the Chief Executive Officer, the Chairperson of the Board and the chair of each committee of the Board, which are contained in the Board of Directors Charter adopted by the Board attached hereto as Appendix "A".

### ***Other Directorships***

None of the directors is also a director of other reporting issuers.

### ***Orientation and Continuing Education of Board Members***

The Board is responsible for the orientation and education of new members of the Board and all new directors are provided with access to copies of the Company's policies, although a formal process has not been adopted. Prior to joining the Board, each new director will meet with the CEO of the Company. The CEO is responsible for outlining the role of the Board, its committees and its directors, and the nature and operation of the Company's business, both



positive and negative, with a view to ensuring that the new director is properly informed to commence his or her duties as a director. Each new director is also given the opportunity to meet with the auditors and counsel to the Company. The Board is expected to determine whether any additional education and training are required for Board members on an as needed basis.

### ***Measures to Encourage Ethical Business Conduct***

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Company has adopted the Code of Conduct, which addresses the Company's continuing commitment to integrity and ethical behaviour. The Code of Conduct establishes procedures that allow directors, officers and employees of the Company to confidentially submit their concerns to the Chairperson of the Audit Committee regarding questionable ethical, moral, accounting or auditing matters, without fear of retaliation. A copy of the Code of Conduct is available on the Company's issuer profile on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.karnalyte.com](http://www.karnalyte.com). Compliance with the Code of Conduct is monitored primarily through the reporting process within the Company's organizational structure. A whistleblower program is in place for employees to report violations of ethical conduct. To date, no issues have been reported through the Company's whistleblower program.

### ***Nomination of Directors***

The Compensation, Corporate Governance and Nominating Committee is responsible for considering the skills and competencies that should be possessed by the Board as a whole, identifying individuals who are qualified to become new directors based on outlined criteria, and reviewing and recommending to the Board approval of any proposed candidate(s) for nomination for election or appointment. Proposed directors' credentials are reviewed with one or more members of the Board prior to the proposed director's nomination.

### ***Determination of Compensation of Directors and Officers***

The Board's mandate includes reviewing and approving appropriate practices for determining and establishing compensation for the directors and officers of the Company. The Board has established the Compensation, Corporate Governance and Nominating Committee. See "*Compensation Discussion and Analysis*".

The Compensation, Corporate Governance and Nominating Committee's mandate includes establishing an overall compensation policy for the Company and monitoring its implementation, with special attention devoted to the executive group. In particular, the committee is responsible for reviewing and making recommendations to the Board periodically regarding the Company'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). Typically, the Compensation, Corporate Governance and Nominating Committee recommends and approves the salaries of all of the Named Executive Officers of the Company. In this regard, the Compensation, Corporate Governance and Nominating Committee has the authority to retain such independent advisors as it may deem necessary or advisable for its purposes. Generally, the Compensation, Corporate Governance and Nominating Committee meets at least annually to fulfill its mandate (unless it or the Board determines a meeting in a given year is not necessary). The level of compensation for the Board and its committees is typically reviewed by the Compensation, Corporate Governance

and Nominating Committee, which makes recommendations to the Board with respect thereto.

### **Board Committees**

As of the date hereof, the Board has a governance structure which contemplates two (2) committees: the Audit Committee and the Compensation, Corporate Governance and Nominating Committee. The Board has developed the mandate of the Audit Committee and the Compensation, Corporate Governance and Nominating Committee and plans to review such mandates regularly. The Board reviews the recommendations of all of its committees and decides on whether and how to implement such recommendations.

#### ***Audit Committee***

The Audit Committee meets with the Company's auditors regularly, independent of management, and has direct communication channels with the Company's auditors to discuss and review specified issues as appropriate.

As at the year ended December 31, 2023, the members of the Audit Committee were Ritu Malhotra, D.C. Anjaria and Derek Hoffman. The current members of the Audit Committee are Ritu Malhotra, D.C. Anjaria and Derek Hoffman.

For additional information, including the mandate and responsibilities regarding the Audit Committee, please refer to the Audit Committee section in the Annual Information Form.

#### ***Compensation, Corporate Governance and Nominating Committee***

The Compensation, Corporate Governance and Nominating Committee is responsible for the development of the overall governance of the Company, the continuing assessment of corporate governance matters, and making recommendations to the Board regarding the Company's approach to corporate governance.

As at the year ended December 31, 2023, the members of the Compensation, Corporate Governance and Nominating Committee were D.C. Anjaria, Derek Hoffman and Dilip V. Pathakjee. The current members of the Compensation, Corporate Governance and Nominating Committee are D.C. Anjaria, Derek Hoffman and Dilip V. Pathakjee.

The Compensation, Corporate Governance and Nominating Committee's mandate includes, among other duties and responsibilities: assisting the Board in its oversight role with respect to: the development of the Company's corporate governance policies, practices and processes, the effectiveness of the Board and its committees, and the contributions of individual directors, reviewing on a periodic basis the composition of the Board, ensuring that an appropriate number of directors sit on the Board, analyzing what competencies and skills the Board, as a whole, should possess, assessing what competencies and skills each existing director possesses, identifying individuals who are qualified to become new directors based on outlined criteria and reviewing and recommending to the Board approval of any proposed candidate(s) for nomination for election or appointment. See "*Statement of Executive Compensation*" below for further information regarding the role of Compensation, Corporate Governance and Nominating Committee in the Company compensation practices.

### **Assessments**

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size,

its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an *ad hoc* basis.

### **Director Term Limits**

The Company does not have term limits for directors. The Board believes there are benefits to be achieved by continuity and directors having in depth knowledge of each aspect of the Company's business, which necessarily takes time to develop. Fixed term limits would have the effect of forcing directors off the Board who have developed increased insight into the Company and who, therefore, can be expected to provide an increased contribution to the Board. However, the Board recognizes that there is a benefit to adding new perspectives to the Board, and that there is value in turnover and to adding additional members to a board in order to provide fresh ideas and views. The Board believes that it is critical to have an appropriate balance between long-term directors with extensive knowledge who understand the business of the Company and industries in which the Company operates and new directors that add new experience and perspectives to the Board. The Board's focus is on maintaining the proper mix of skills, experience and diversity.

### **Policies Regarding the Representation of Women on the Board**

Although the Company has not specifically adopted a written policy relating to the identification and nomination of certain interest groups, including female directors, the Board believes that the key to effective board membership is to source individuals that, having regard to an extensive group of factors, possess the range of necessary skills, experience, commitment and qualifications that are best suited to fostering effective leadership and decision-making at the Company.

The Board is confident that its recruitment practices result in the appointments of the most suitable candidates without discriminating unfairly against any potential director on the basis of race, age or gender. The Board believes the Company adopts an open and inclusive attitude in decisions on the appointment of new directors. The Company wishes to ensure that it seeks and retains the best people for the roles assigned regardless of race, age or gender.

### **Consideration of the Representation of Certain Candidates**

The Board considers the representation of women in identifying and nominating board candidates and when making executive officer appointments. While paramount importance is given to identifying the right candidate for each role, the Board is mindful of the benefit of not only gender diversity but also of race and age diversity in the Company's leadership positions and the need to maximize the effectiveness of the Board and its decision-making abilities. The Board acknowledges the importance of diversity in enriching the discussion and its corporate governance.

### **Targets**

The Company has not adopted targets for women on the board or in executive officer positions. The Board does not believe that quotas or strict rules necessarily result in the identification or selection of the best candidates. The Board will continue to fill roles based on the skills, experience, character and behavioural qualities that are most important to determine the value which an individual could bring to the Company.

## Number of Women on the Board and in Executive Officer Positions

For the year ended December 31, 2023 and as at the date of this Information Circular, there is one (1) female director of the Company and two (2) female officers of the Company.

## STATEMENT OF EXECUTIVE COMPENSATION

The Form 51-102F6 *Statement of Executive Compensation*, defines “**Named Executive Officers**” as the CEO, CFO, and each of the Company’s three (3) most highly compensated executive officers, or the three (3) most highly compensated individuals acting in a similar capacity other than the CEO and CFO, whose total compensation was, individually, more than \$150,000 for that financial year and each individual who would meet the criteria outlined above but for the fact that the individual was neither an executive officer of the Company nor acting in a similar capacity at the end of the financial year.

The following discussion describes the significant elements of the Company’s current executive compensation program, with emphasis on the process of determining compensation payable to the Interim CEO and the Interim CFO, and each of the three (3) most highly compensated executive officers other than the Interim CEO, and the Interim CFO (collectively, the “**Named Executive Officers**” or “**NEOs**” and “**Named Executive Officer**”).

### Compensation Discussion and Analysis

The main objectives of the executive compensation program are to attract, recruit and retain individuals of high caliber to serve as officers of Karnalyte, to motivate their performance in order to achieve Karnalyte’s strategic objectives and to align their interests with the long-term interests of Shareholders. To achieve these objectives, the Company believes it is critical to create and maintain an executive compensation program that attracts and retains committed, highly qualified personnel by providing appropriate rewards and incentives.

The Company’s compensation program is designed to reward performance that contributes to the achievement of the Company’s business strategy and performance goals on both a short-term and long-term basis. In addition, the Company strives to reward qualities that it believes help achieve its strategy such as teamwork; individual performance in light of general economic and industry conditions; integrity and resourcefulness; the ability to manage the Company’s existing assets; the ability to identify and pursue new business opportunities; and responsibility and accountability.

The Company’s executive compensation program has three (3) principal components: base salary, bonuses and stock options. The base salary provides a fixed level of regularly paid cash compensation for performing day-to-day responsibilities. The cash bonuses are intended to motivate NEOs to achieve key corporate objectives by rewarding the achievement of those objectives. The stock options reward long-term performance by allowing NEOs to participate in the long-term market appreciation of the Common Shares. The Company has also established benefit plans to assist employees in the areas of health care, dental care, disability and life insurance.

In assessing the compensation of its executive officers, the Company does not have in place formal objectives, criteria or analysis; instead, it relies mainly on discussions between the Compensation, Corporate Governance and Nominating Committee and the Board of Directors. In making compensation recommendations, the Compensation, Corporate Governance and Nominating Committee considers each executive’s performance and other relevant factors, including the scope of each executive’s position and responsibilities, the achievement of corporate goals, the current business environment and anticipated changes, and executive

retention and recruitment considerations. The Compensation, Corporate Governance and Nominating Committee does not rely on benchmarks or a specific formula, but instead relies upon comparisons to peer company executives in making compensation decisions.

#### ***Composition of the Compensation, Corporate Governance and Nominating Committee***

The current members of the Compensation, Corporate Governance and Nominating Committee are D.C. Anjaria, Derek Hoffman and Dilip V. Pathakjee, each of whom is an independent director. Meetings of the Compensation, Corporate Governance and Nominating Committee are held periodically to review compensation policies and to consider the overall compensation to be paid by the Company to its employees, executive officers and directors. Typically, following review of data and discussion by members of the Compensation, Corporate Governance and Nominating Committee, recommendations are made to the Board.

Mr. Derek Hoffman is the Chair of the Compensation, Corporate Governance and Nominating Committee. Mr. Hoffman is a corporate/commercial lawyer with the Hoffman Group advising public and private entities in a range of industries including mining, energy, agriculture and technology. Derek also brings significant mining experience having previously served as a Partner and Leader of the Mining Group at Miller Thomson LLP, a leading Canadian law firm, and as in-house counsel for the global mining company BHP where he advised on a broad range of matters involving mineral exploration, strategic transactions and mine and associated infrastructure development and construction. These experiences also provided Derek with experience in dealing with a variety of executive compensation matters and such experience and skills to enable him to advise on the suitability of Karnalyte's policies and other compensation and corporate governance matters.

#### ***Responsibilities of the Compensation, Corporate Governance and Nominating Committee***

The Compensation, Corporate Governance and Nominating Committee, among other things, is responsible for establishing policies regarding the remuneration of the NEO's, and supervises and implements such policies. The responsibilities of the Compensation, Corporate Governance and Nominating Committee include:

- establishing an overall compensation policy for the Company and monitoring its implementation, with special attention devoted to the senior officers;
- periodically reviewing and making recommendations to the Board regarding the Company'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); and
- periodically reviewing and approving all compensation arrangements with the CEO and the CFO.

Performance goals for the Company are based on subjective measures typical for a developing company in similar circumstances. Compensation plans for the year are based on achievement of these performance measures that consider, in addition to the share price performance, the financial performance of the Company, balance sheet strength, business and personal objectives achieved and other qualitative factors.

The performance goals described above are based on non-GAAP financial measures and are not necessarily derived from the Company's financial statements. The performance goals are purely subjective and are analyzed based on the parameters described until such time the

Company is able to tie performance directly to its financial performance as presented in its financial statements.

The Company's Board and Compensation, Corporate Governance and Nominating Committee consider all risks associated with the development of the Company's project including any risks associated with compensation policies and practices. The Company has not identified any risks related to its compensation policies and practices that could have a material adverse impact on the Company. In discharging this responsibility, the Company has established a Compensation, Corporate Governance and Nominating Committee that oversees the development of policies, procedures and setting of corporate goals and objectives. The committee reviews progress towards all corporate goals in regular meetings through management reports, which allows for altering any objectives as required. This committee then reviews and approves any resulting recommended compensation impacts.

The Company monitors the corporate and personal objectives for employees to mitigate any circumstances that could provide the opportunity for an individual to take inappropriate or excessive risks. Through regular reporting to the Board (and when appropriate, to the Compensation, Corporate Governance and Nominating Committee), the Interim CEO and Interim CFO summarize all progress toward company goals and through this review any inappropriate activities would likely be highlighted.

The Company does not permit any Named Executive Officer or director to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities in the Company granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

### ***Salary***

In establishing base salaries, the Compensation, Corporate Governance and Nominating Committee is responsible for periodically reviewing comparable market salary levels for individuals in positions with similar responsibilities and experience.

### ***Bonuses***

The Company has in place an incentive bonus plan in the form of cash payments to add a variable component of compensation. Pursuant to the bonus plan, once the Company is in production and earning revenue, bonuses shall be based on overall corporate performance and the achievement of set milestones, along with individual performance. At the present stage of the Company's development and growth, the Company may award bonuses at the discretion of the Board, based on corporate and individual goals and performance. The bonus plan is designed to provide an incentive for executives and employees to achieve and exceed goals relating to overall corporate and individual performance. The Compensation, Corporate Governance and Nominating Committee is responsible for the review, approval and establishment of the Company's bonus plan.

### ***Option Based Awards***

The Stock Option Plan is designed to provide an incentive to the directors, officers and employees to achieve the longer-term objectives of the Company and is the responsibility of the Compensation, Corporate Governance and Nominating Committee. The purpose of the Stock Option Plan is to give suitable recognition to the ability and performance of such persons who contribute materially to the success of the Company and to attract and retain persons of experience and ability by providing them with the opportunity to acquire an

increased ownership interest in the Company. Generally, the number of Options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made by the optionee to the business and affairs of the Company, the number of Options that have already been granted to the optionee and such other factors as the Compensation, Corporate Governance and Nominating Committee may consider relevant.

### **Equity Compensation Plan Information**

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding Options, the weighted-average exercise price of such outstanding Options and the number of Common Shares remaining available for future issuance under equity compensation plans as at December 31, 2023.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity Compensation plans approved by securityholders	900,000	\$0.27	4,428,398
Equity Compensation plans not approved by securityholders	Nil	Nil	Nil
Total	900,000	\$0.27	4,428,398

**Notes:**

(1) Pursuant to the Stock Option Plan the number of Common Shares reserved for issuance upon the exercise of Options shall not exceed ten percent (10%) of the issued and outstanding Common Shares on a non-diluted basis from time to time.

### **Summary of Stock Option Plan**

Pursuant to the Stock Option Plan, the number of Common Shares reserved for issuance upon the exercise of Options shall not exceed ten percent (10%) of the issued and outstanding Common Shares on a non-diluted basis from time to time. The Board may amend the terms of the Stock Option Plan except in those circumstances set forth in the Stock Option Plan as requiring Shareholder approval and as required by the TSX. All amendments shall, if required, be subject to the prior approval of, or acceptance by the TSX. No Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted.

Option grants are also subject to the following limitations: (i) the issuance of Common Shares to any one (1) person under the Stock Option Plan in any twelve (12) month period shall not exceed five percent (5%) of the issued and outstanding Common Shares determined at the date of grant (or two percent (2%) of the issued and outstanding Common Shares in the case of a person who is a consultant or an employee conducting investor relations activities) and (ii) the number of Common Shares issued to insiders (as defined in the *Securities Act*) under all security based compensation arrangements of the Company shall not exceed ten percent (10%) of the issued and outstanding Common Shares within any twelve (12) month period, and the number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements of the Company shall not exceed ten percent (10%) of the issued and outstanding Common Shares, unless the Company obtains Shareholder approval.

The Board will determine the exercise price and the number of Common Shares which may be issued to each Participant and the vesting provisions of the Options, together with all other terms and conditions of the Options, provided that the expiry date of an Option shall be no later than ten (10) years from the date of grant of such Option, and subject to the provisions of the Stock Option Plan and the rules of applicable securities regulatory authorities. The exercise price per Common Share as set by the Board shall not be less than the closing trading price of the Common Shares on the applicable stock exchange on the date preceding the grant date.

Options must be exercised within ninety (90) days following termination of employment or cessation of position with the Company (with or without cause), provided that if the cessation of position was by reason of death, the subject Options must be exercised within twelve (12) months after such death, subject to the expiry date, and if by reason of disability, the subject Options must be exercised within one hundred and eighty (180) days after the Participant becomes entitled to long-term disability payments, subject to the expiry date. If prior to the exercise of an Option the Participant retires, the subject Options must be exercised within ninety (90) days after the Participant retired, subject to the expiry date. If prior to the exercise of an Option the holder ceases to be a director, officer, employee or consultant of the Company, other than by death, disability or retirement approved by the Board, the Options of the holder shall be limited to that number of Common Shares purchasable by the Participant immediately prior to the time of the Participant's cessation of position and such Participant will have no right to purchase any other Common Shares. Upon a change of control, the option holder will have the right, for such period as the directors may specify, to exercise all such unexercised Options. Options granted under the Stock Option Plan shall not be assignable or transferable except as specifically provided in the event of the death of an option holder.

Options granted under the Stock Option Plan may be exercised on the basis and schedule to be determined by the Board at the time of grant. If permitted by the Board at the relevant time, a person may elect to exercise a vested Option on a "cashless exercise" basis and to receive, without the payment of any cash consideration, a number of Common Shares equal to the number of vested Options exercised multiplied by the quotient obtained by dividing: (i) the difference between the five (5) day weighted average trading price of the Common Shares on the applicable stock exchange preceding the exercise and the exercise price of the vested Options, by (ii) the five (5) day weighted average trading price of the Common Shares on the applicable stock exchange preceding the exercise. A vested Option may be surrendered from time to time by delivery to the Company at its principal office, of a written notice of surrender specifying that the optionee has elected a cashless exercise of such vested Option and the number of vested Options to be exercised and accompanied by the payment of an amount equal to the applicable withholdings and deductions required (or by entering into some other arrangement with respect thereto acceptable to the Company in its sole discretion).

The expiration date of an Option that is set to expire during a period (a "**Blackout Period**") when an optionee is prohibited from exercising an Option or from trading in Common Shares pursuant to the Company's applicable policies in respect of insider trading, or within ten (10) Business Days of the expiry of such Blackout Period, shall be extended for a period of ten (10) Business Days immediately following the end of such Blackout Period. The extension of the Blackout Period applies to all Options outstanding under the Stock Option Plan including all Options granted as of the date of this Information Circular.



TSX policies allow the expiration term of an Option to be the later of a fixed expiration date or a date shortly after the expiration date if the original expiry falls within or immediately after a blackout period, provided that:

- (a) the blackout period is self-imposed by the listed issuer;
- (b) the period of time provided to exercise the option after the lifting of the blackout period is no more than ten (10) Business Days; and
- (c) all participants under the security-based compensation arrangement are eligible for extension under the same terms and conditions.

The Board may at any time or from time to time, in its sole discretion, amend, suspend or terminate the Stock Option Plan or any option agreement or any portion thereof, and may do so without Shareholder approval, subject to those provisions of applicable law, if any, that require the approval of Shareholders or any governmental regulatory body. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the Stock Option Plan or any option agreement without seeking Shareholder approval:

- (a) amendments of a “housekeeping” nature, including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or option agreement or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any provision of the Stock Option Plan or option agreement;
- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, the applicable rules, regulations and policies of the TSX);
- (c) amendments necessary in order for awards to qualify for favourable treatment under applicable taxation laws;
- (d) amendments respecting administration of the Stock Option Plan;
- (e) any amendment regarding the terms and conditions in which vesting occurs in respect of Options granted pursuant to the Stock Option Plan, including the acceleration of vesting in any option agreement;
- (f) any amendment regarding the terms and conditions in respect of the exercise price in respect of Options held by Participants that are not insiders;
- (g) amendments necessary to suspend or terminate Options, option agreements or the Stock Option Plan in accordance with applicable law; and
- (h) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law.

Shareholder approval will be required for the following types of amendments:

- (a) amendments to the number of Common Shares issuable under the Stock Option Plan;
- (b) amendments regarding a reduction in the exercise price or purchase price of the options granted to insiders;
- (c) amendments to the term of Options benefiting an insider of the Company;

- (d) amendments that remove or increase the percentage of Common Shares reserved for issuance and issuable to insiders of the Company;
- (e) amendments to an amending provision under the Stock Option Plan; and
- (f) amendments required to be approved by Shareholders under applicable law (including, without limitation, the applicable rules, regulations and policies of the TSX).

### **Option Burn Rate**

The following table sets forth the annual burn rate, calculated in accordance with the rules of the TSX, in respect of the Company's equity-based compensation plans for each of the three most recently completed financial years:

<b>Year</b>	<b>Number of Options</b>	<b>Gross Burn Rate<sup>(1)</sup></b>	<b>Net Burn Rate<sup>(2)</sup></b>
2021	300,000	0.71%	(0.01)%
2022	Nil	Nil	(0.22)%
2023	380,000	0.71%	0.11%

**Notes:**

- (1) Gross burn rate is calculated in accordance with TSX policies.
- (2) Net burn rate represents actual dilution to Shareholders, versus gross burn rate which does not consider forfeitures or expiries of awards during the year.

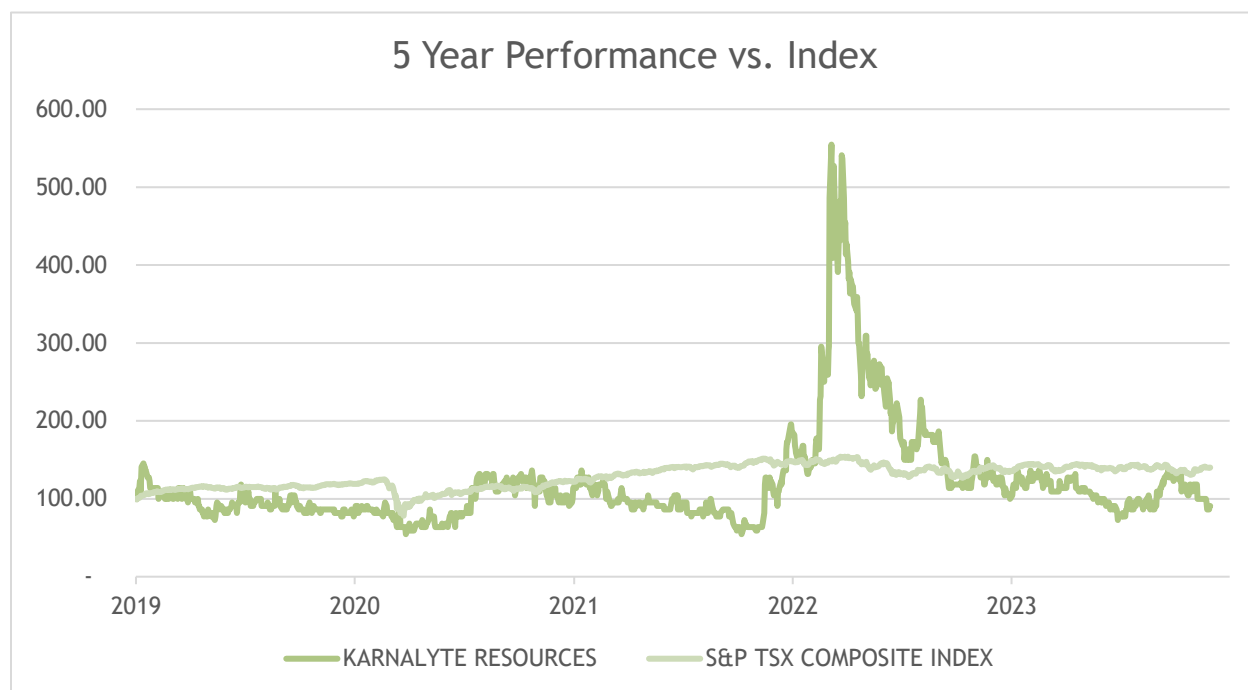
### **RRSP Benefits**

The Company does not operate its own pension plan; however the Company may contribute up to 2.5% of the Named Executive Officer's, or employee's, gross base salary into their own personal RRSP. The plan allows Named Executive Officers and employees to voluntarily contribute up to 5% of their gross base salary into the RRSP. The Company additionally matches 50% of the Named Executive Officer or employee's voluntary contribution (to a maximum total of 5% of the Named Executive Officer or employee's gross base salary) into the RRSP or, at the option of the Named Executive Officer or employee, the whole or a portion of the Company's additional contribution can be contributed to a health spending account.

### **Performance Graph**

The following graph compares the yearly percentage change in the cumulative Shareholder total return (assuming reinvestment of dividends/distributions, if any) over the last five (5)

financial years on the Common Shares assuming a \$100 investment was made on December 31, 2018, with the cumulative total returns of the S&P/TSX Composite Index.



While a portion of the compensation of the Company’s officers is performance based, it is difficult to correlate compensation to the trends shown in the above performance graph. As previously described under “*Compensation Discussion and Analysis*”, base salaries are not determined by benchmarks or a specific formula but are set to be competitive with industry levels. The annual bonus plan is based on the achievement of certain performance goals for the fiscal year, which consider, in addition to share price performance, the financial performance of the Company, balance sheet strength, business milestones achieved and other qualitative factors, which are not necessarily reflected in the trading prices of the Common Shares. The value of stock options granted pursuant to the Stock Option Plan are partially affected by changes in share prices and also based on the same criteria above for establishing bonuses.

### Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Named Executive Officers for the Company’s three (3) most recent financial years.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation <sup>(2)</sup> (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-Term Incentive Plans		
Danielle Favreau <sup>(3)(4)</sup> Interim Chief Executive Officer	2023	235,000	7,954	Nil	Nil	11,870	254,824
	2022	235,000	Nil	Nil	Nil	11,870	246,870
	2021	235,000	Nil	Nil	Nil	11,870	246,870
Christie Gradin <sup>(4)</sup> Interim Chief Financial Officer	2023	Nil	Nil	Nil	Nil	115,420	115,420
	2022	Nil	Nil	Nil	Nil	131,690	131,690
	2021	Nil	Nil	Nil	Nil	206,240	206,240

**Notes:**

- (1) Based on the grant date fair value of the applicable awards. The fair value of Options granted are estimated as at the date of grant using a Black-Scholes Option Pricing Model with the following weighted average assumptions:
  - 2023: the risk-free interest rates of 4.04%; dividend yield of 0%; volatility factor of the market price of the common shares of 101.02%; and remaining contractual life of the Options of 5 years.
  - 2022: not applicable.
  - 2021: risk-free interest rates of 1.41%; dividend yield of 0%; volatility factor of the market price of the Common Shares of 91.72%; and remaining contractual life of the Options of 5 years.
- (2) Unless otherwise stated, the aggregate amount of all perquisites and other personal benefits, securities or property was less than the lesser of \$50,000 and 10% of the total annual salary, if any, of the Named Executive Officer for each financial period.
- (3) Danielle Favreau was appointed as Interim Chief Financial Officer of the Company on December 31, 2015. On December 15, 2017, she was appointed Chief Financial Officer of the Company. On September 11, 2019, she was appointed Interim Chief Executive Officer of the Company.
- (4) On July 27, 2020, Christie Gradin was appointed as Interim Chief Financial Officer of the Company. Ms. Danielle Favreau will continue in her role as Interim Chief Executive Officer.

**Incentive Plan Awards**

The Company adopted the Stock Option Plan on May 10, 2013, which was approved by Shareholders on June 20, 2013. Since the Stock Option Plan does not fix a specific aggregate maximum number of Common Shares that may be issued pursuant to Options, but instead fixes the maximum number of Common Shares reserved for issuance based on 10% of the outstanding Common Shares from time to time, the rules of the TSX require that all unallocated Options be approved every three (3) years. At the Shareholders' meeting held on June 21, 2022, the Shareholders approved all unallocated Options.

The Compensation, Corporate Governance and Nominating Committee may, from time to time, grant to Participants non-transferable Options to purchase Common Shares. Generally, the number of Options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made by the optionee to the business and affairs of the Company, the number of Options that have already been granted to the optionee and such other factors as the Compensation, Corporate Governance and Nominating Committee may consider relevant. The purpose of the Stock Option Plan is to (i) provide Participants with additional incentive by way of non-cash compensation; (ii) preserve the Company's working capital; (iii) provide Participants with an opportunity to participate in the success of the Company; and (iv) align the interests of the Participants with those of the Shareholders.

The following table sets forth information with respect to all option-based awards granted to Named Executive Officers outstanding at the end of the financial year ended December 31, 2023. There were no share based awards granted to Named Executive Officers as of the end of the financial year ended December 31, 2023. The closing market price of the Common Shares on December 31, 2023 was \$0.18.

Name	Option Based Awards			
	Number of securities underlying unexercised Options (#)	Option Exercise Price (\$)	Option expiration date (YYYY-MM-DD)	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)
Danielle Favreau	10,000	0.75	2024-06-15	Nil
	10,000	0.75	2024-12-15	Nil
	130,000	0.21	2028-08-03	Nil
Christie Gradin	Nil	N/A	N/A	N/A

**Notes:**

- (1) This amount has been calculated based on the difference between the closing market price of the Common Shares as at December 31, 2023 being \$0.18 and the exercise price of the Options.

***Value Vested or Earned During the Year***

The following table sets forth the value vested or earned during the year of option-based awards and non-equity incentive plan compensation paid to Named Executive Officers during the most recently completed financial year.

Name	Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Non-equity incentive plan compensation - Value earned during the year (\$)
Danielle Favreau	Nil	Nil
Christie Gradin	Nil	Nil

**Notes:**

- (1) The aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on the vesting date was calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the Options under the option-based award on the vesting date.

## Termination and Change of Control Benefits

Danielle Favreau entered into an employment agreement with the Company on December 15, 2017, which provides that:

- (a) if the agreement is terminated by the Company “without cause”, the Company shall provide working notice of termination equal to six (6) months, plus one (1) additional month per year of service, to a maximum of twelve (12) months or at the sole discretion of the Company, payment in lieu of such notice. That amount would be inclusive of and not in addition to any and all statutory notice and severance; and
- (b) if the Company elects to provide all or part of the notice period by way of a payment or payments in lieu of notice instead of working notice: (i) the payments in lieu of notice shall be based solely on the base salary; any such payments will be subject to deduction for any successful mitigation attempts on the part of the employee during the notice period, such that upon the employee commencing alternate employment or consulting that pays at least 75% of the annual base salary, all further payments shall end and the employee shall receive a lump sum payment equal to 50% of the base salary that would otherwise have been paid out over the remainder of the notice period; (ii) any entitlement to vacation pay will accrue only over the minimum statutory notice period; (iii) benefits coverage will continue until the earlier of the end of the notice period or such time as the employee finds other employment; (iv) the employee shall not accrue any further eligibility for the discretionary portion of the annual bonus during any period of payment in lieu of notice and any such bonuses will be prorated and calculated as of the employee’s last day of active employment, which does not include any portion of the notice period that is provided by way of pay in lieu.

The following table provides the estimated payments payable to NEOs for termination without cause following a change of control (pursuant to the terms of the respective employment agreements) assuming such change of control occurred on May 16, 2024.

Named Executive	Total Incremental Obligation (\$)
Danielle Favreau	235,000

## Compensation of Directors

In the Company’s financial year ended December 31, 2023, each non-management director was entitled to receive an annual retainer of \$25,000 per year and \$1,000 per meeting attended, plus an additional annual retainer of \$15,000 that was payable to the Chairperson of the Board, and an additional annual retainer of \$10,000 per year that was payable to each of the Chairperson of the Audit Committee and the Chairperson of the Compensation, Corporate Governance and Nominating Committee. In addition, the Company pays a fee of \$5,000 per year to each member of a committee of the Board who is not a Chairperson.

## Director Compensation Summary

The following table sets forth the value of all compensation provided to the directors for the Company’s financial year ended December 31, 2023.

Name	Fees Earned(\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation (\$)	Total Compensation (\$)
			Annual Incentive Plans	Long-Term Incentive Plans		
Vishvesh D. Nanavaty	47,000	6,118	Nil	Nil	Nil	53,118
D.C. Anjaria	54,000	Nil	Nil	Nil	Nil	54,000
Derek Hoffman	51,068	4,422	Nil	Nil	Nil	55,490
Dilip V. Pathakjee	40,000	4,422	Nil	Nil	Nil	44,422
Ritu Malhotra	21,175	9,178	Nil	Nil	Nil	30,353
Gerald Scherman	21,731	Nil	Nil	Nil	Nil	21,731

### ***Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth information with respect to all option-based awards granted to the directors of the Company to purchase or acquire securities of the Company outstanding at the end of the financial year ended December 31, 2023.

Name	Option-Based Awards				
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date (YYYY-MM-DD)	Value of unexercised in-the-money Options - Exercisable(\$) <sup>(1)</sup>	Value of unexercised in-the-money Options - Not Exercisable(\$) <sup>(1)</sup>
Vishvesh D. Nanavaty	25,000	0.75	2024-06-15	Nil	Nil
	25,000	0.75	2024-12-15	Nil	Nil
	100,000	0.21	2028-08-03	Nil	Nil
D. C. Anjaria	150,000	0.19	2025-07-13	Nil	Nil
Derek Hoffman	150,000	0.27	2026-11-29	Nil	Nil
Dilip V. Pathakjee	150,000	0.27	2026-11-29	Nil	Nil
Ritu Malhotra	150,000	0.21	2028-08-03	Nil	Nil
Gerald Scherman	Nil	Nil	N/A	Nil	Nil

**Notes:**

- (1) This amount has been calculated based on the difference between the closing market price of the Common Shares as at December 31, 2023 being \$0.18 and the exercise price of the Options.

### **Value Vested or Earned During the Year**

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to the directors of the Company during the most recently completed financial year.

Name	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Non-equity incentive plan compensation - Value earned during the year (\$)
Vishvesh D. Nanavaty	Nil	Nil
D. C. Anjaria	Nil	Nil
Derek Hoffman	Nil	Nil
Dilip V. Pathakjee	Nil	Nil
Ritu Malhotra	Nil	Nil
Gerald Scherman	Nil	Nil

**Notes:**

- (1) The aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on the vesting date, calculated by determining the difference between the market price of the Common Shares and the exercise of the Options under the Option on the vesting date.

### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No current or former executive officer, director, proposed director or any associate or affiliate of any of the foregoing persons is, or at any time since the beginning of the most recently completed financial year has been, indebted: (i) to the Company or any of its subsidiaries; or (ii) to another entity, where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as set forth in this Information Circular, the management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director, executive officer, proposed director, or any associate or affiliate of any of the foregoing persons who has been a director or executive officer at any time since the beginning of the financial year ended December 31, 2023, in any matter to be acted upon other than the election of directors.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth in this Information Circular, and as disclosed in the Annual Information Form, the management of the Company is not aware of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company or any associate or affiliate of any such informed person or proposed director in any transaction during the financial year ended December 31, 2023, or in any proposed transaction, that has materially affected or would materially affect the Company or any of its subsidiaries. The Annual Information Form is available on the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).



## EXPERTS

KPMG LLP, Chartered Accountants, is the auditor of Karnalyte and has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

## ADDITIONAL INFORMATION

Additional information relating to Karnalyte is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Copies of Karnalyte's financial statements and management's discussion and analysis of financial condition and results of operations may be obtained on request without charge from the Corporate Secretary of Karnalyte, Suite 1201, 409 3rd Avenue S, Saskatoon, Saskatchewan, S7K 5R5 (Telephone +1-639-398-6478). Financial information is provided in Karnalyte's annual comparative financial statements and management's discussion and analysis of financial condition and results of operations for Karnalyte's most recently completed financial year.

## APPROVAL

The contents and sending of this Information Circular have been approved by all of the directors of the Company.

DATED May 16, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed "Danielle Favreau")*

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**Danielle Favreau**

Interim Chief Executive Officer

# APPENDIX “A”: KARNALYTE RESOURCES INC. BOARD OF DIRECTORS CHARTER


## 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.

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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.