

KARNALYTE RESOURCES INC.
104 - 26 Crystalridge Drive
Okotoks, Alberta T1S 2C3

INSTRUMENT OF PROXY

**THIS PROXY IS SOLICITED BY THE MANAGEMENT
AND WILL BE USED AT THE ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS TO BE HELD ON JUNE 20, 2013**

The undersigned shareholder (the "**Shareholder**") of Karnalyte Resources Inc. (the "**Corporation**") hereby nominates, constitutes and appoints Robin L. Phinney, President, Chief Executive Officer and Director of the Corporation, or failing him, Ronald Love, the Executive Vice President and Chief Financial Officer of the Corporation, or in the place and stead of the foregoing _____ the true and lawful attorney and proxy of the undersigned to attend, act and vote in respect of all common shares held by the Shareholder at the annual and special meeting (the "**Meeting**") of the shareholders of the Corporation to be held on Thursday, June 20, 2013, and at any adjournment thereof. The undersigned hereby instructs the said proxy to vote the common shares represented by this Instrument of Proxy in the following manner:

1. TO VOTE **FOR** OR **AGAINST**

The resolution fixing the number of directors for the ensuing year at eight (8).

2. Election of Directors

- (a) **FOR** all nominees listed below (except as marked to the contrary below).
 WITHHOLDING FROM VOTING for all nominees marked below.

OR

- (b) **INSTRUCTION:** To withhold from voting on any individual nominee, check the box beside the nominee's name in the list below:

FOR OR WITHHOLD

Robin L. Phinney	<input type="checkbox"/>	<input type="checkbox"/>
Ronald Love	<input type="checkbox"/>	<input type="checkbox"/>
Bruce Townsend	<input type="checkbox"/>	<input type="checkbox"/>
Paul Sharpe	<input type="checkbox"/>	<input type="checkbox"/>
Ian Brown	<input type="checkbox"/>	<input type="checkbox"/>
Mark Wayne	<input type="checkbox"/>	<input type="checkbox"/>
Raymond C. Floyd	<input type="checkbox"/>	<input type="checkbox"/>
Vishvesh D. Nanavaty	<input type="checkbox"/>	<input type="checkbox"/>

3. TO VOTE **FOR** OR **WITHHOLD FROM VOTING**

The appointment of KPMG LLP, Chartered Accountants, as auditors of the Corporation until the next annual meeting and the authorization of the directors to fix their remuneration.

4. TO VOTE **FOR** OR **AGAINST**

The resolution approving, adopting and ratifying the Corporation's new stock option plan as outlined in the accompanying Information Circular of the Corporation dated May 16, 2013.

5. TO VOTE **FOR** OR **AGAINST**

The resolution approving, adopting and ratifying the unallocated options under the Corporation's new stock option plan as outlined in the accompanying Information Circular of the Corporation dated May 16, 2013.

6. TO VOTE FOR OR AGAINST

The resolution approving the adoption of an advance notice by-law in the form set forth in the accompanying Information Circular of the Corporation dated May 16, 2013.

7. To vote in the discretion of the proxy nominee on any amendments to or variations of matters identified in the notice of Meeting and on any other matters which may properly come before the Meeting.

DATED this _____ day of _____, 2013.

(Signature of Shareholder)

(Name of Shareholder Please Print)

Number of common shares represented by this proxy:

_____ common shares

(Note: This space must be completed by the financial intermediaries forwarding this proxy to beneficial shareholders pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*)

This proxy confers discretionary authority upon the persons named herein with respect to amendments or variations to matters identified above or with respect to such other matters as may properly come before the Meeting. At the time of mailing of this proxy the management of the Corporation knows of no such amendment or other matter.

All common shares represented at the meeting by properly executed proxies will be voted, and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the common shares represented by the proxy will be voted in accordance with such specifications. **IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT HEREIN.**

Proxies, to be valid, must be deposited at the offices of the registrar and transfer agent of the Corporation, Olympia Trust Company, at Suite 2300, 125 – 9th Avenue S.E., Calgary, Alberta T2G 0P6, by fax to (403) 265-1455), by e-mail to proxy@olympiustrust.com, or by internet voting at <http://secure.olympiustrust.com/proxy/> not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment of the Meeting.

Note: If the shareholder is a corporation, the Instrument of Proxy must be under its corporate seal or under the hand of an officer duly authorized in that behalf.

A blank space has been provided to date the Instrument of Proxy. If the Instrument of Proxy is undated, it will be deemed to bear the date on which it is mailed by the person making the solicitation.

A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION) OTHER THAN ROBIN L. PHINNEY AND RONALD LOVE, THE MANAGEMENT DESIGNEES, TO ATTEND AND ACT FOR THE SHAREHOLDER AT THE MEETING. SUCH RIGHT MAY BE EXERCISED BY INSERTING IN THE BLANK SPACE PROVIDED ABOVE, THE NAME OF THE PERSON TO BE DESIGNATED AND DELETING THEREFROM, THE NAMES OF THE MANAGEMENT DESIGNEES, OR BY COMPLETION OF ANOTHER PROPER INSTRUMENT OF PROXY.