
Mandate of the Board of Directors

Introduction

The primary responsibility of the board of directors (“**Board**”) of Melcor Developments Ltd. (the “**Company**”) is to oversee the management of the business and to pursue the best interests of the Company. The Board has plenary power and exercises overall responsibility for the management and supervision of the affairs of the Company.

Board Size and Criteria

Pursuant to the Articles of the Company, the Board must consist of at least 5 directors or no more than 25 directors. A majority of the directors of the Board shall be independent within the meaning of National Instrument 52-110 *Audit Committees*. There is no maximum age restriction for a person to be eligible to be nominated as a director. There are also no term limits for members of the Board.

Board Meetings

In order for the Board to transact business, a majority of the directors must be present, and a majority of those present must be resident Canadians. The Board shall meet on a regular basis and shall schedule a sufficient number of meetings (whether in person or by teleconference) to carry out its mandate, which shall occur at least once each quarter. The Board shall have an *in camera* session at each Board meeting with only independent directors present.

Reports from Committees/Subsidiaries

Unless waived by the Board, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting. Each board of a material subsidiary that does not have the same directors as the Board shall provide a report to the Board on material matters considered by the subsidiary board at the first Board meeting after the subsidiary's meeting.

Chairman

The Board shall appoint a Chairman of the Board who shall have responsibility to ensure that the Board discharges its duties and responsibilities.

Lead Director

In the event the Chairman of the Board is not independent, the independent members of the Board shall appoint a Lead Director. The Lead Director will chair the meetings of the independent directors and assume other responsibilities as the Board may designate from time to time.

Outside Advisors

The Board shall have the authority to retain, at the Company's expense, independent advisors and consultants to advise the Board as it determines necessary to carry out its duties and to fix the remuneration of such advisors and consultants. The Board may request any officer or employee of the Company, or the Company's internal or external auditors or legal counsel to attend a meeting of the Board or to meet with any directors of, or consultants to, the Board.

Governance

The Board has responsibility for developing the Company's approach to governance issues although the Governance Committee plays a key role by recommending and reporting on governance issues, including ethical conduct, to the Board. The Board may delegate specific governance issues to other committees of the Board. The Board is responsible for establishing the appropriate procedures to ensure that the Board, Board committees and individual directors can function independently of management.

General Duties

It is the duty of the directors of the Company to manage, or supervise the management of, the business and affairs of the Company. In exercising his or her duties, every director shall act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Each director shall also comply with the provisions of the *Canada Business Corporations Act*, and the Bylaws of the Company.

Directors' Duties and Responsibilities

The Board has responsibility for stewardship of the Company, including:

- to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer (the "CEO") and other executive officers (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) and that the CEO and other executive officers create a culture of integrity throughout the organization;
 - adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
 - the identification of the principal risks of the Company's business, and ensuring the implementation of appropriate systems to manage these risks;
 - overseeing succession planning (including appointing, training and monitoring senior management);
 - adopting a communication and disclosure policy for the Company;
 - overseeing the Company's internal control and management information systems;
 - developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company, and reviewing annually the Company's Employment Equity and Diversity Policy to ensure that the objectives of that policy are being met, and to consider the adequacy and appropriateness of the policy in furthering the Company's objectives; and
 - reviewing and disclosing, no less than annually, measures for receiving feedback from stakeholders.
- with the assistance of the Corporate Governance and Compensation Committee, develop a position description for the CEO, which together with other board approved policies and practices, should provide for a definition of the limits to management's responsibilities, and approve the objectives of the Company to be met by the CEO;
 - with the assistance of the Corporate Governance and Compensation Committee, ensure the performance of the CEO is evaluated at least annually;

In addition to the above, the Board shall:

- with the assistance of the Corporate Governance and Compensation Committee, review and ratify the employment, appointment, grade levels and compensation of the top five executive employees of the Company, and approval all senior officer appointments;

