



Annual Information Form

March 14, 2011

**MELCOR DEVELOPMENTS LTD.
ANNUAL INFORMATION FORM
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ANNUAL INFORMATION FORM

Date of Information

All information contained in this annual information form is dated December 31, 2011 unless otherwise stated. All documents incorporated by reference in this annual information form are available on SEDAR at www.sedar.com.

Forward Looking Statements

To provide investors with an understanding of Melcor Development Ltd.'s ("Melcor" or the "Company") current results and future prospects, our public communications often include written or verbal forward-looking statements. Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions, courses of action and include future-oriented financial information.

This annual information form ("AIF") and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements represent the Company's intentions, plans, expectations, and beliefs and are based on the Company's experience and its assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances. Future-looking statements may involve, but are not limited to, comments with respect to the Company's strategic initiatives for 2012 and beyond, future development plans and objectives, targets, expectations of the real estate, financing and economic environments, the Company's financial condition or the results of or outlook of its operations.

By their nature, forward-looking statements require assumptions and involve risks and uncertainties related to the business and general economic environment, many beyond the Company's control. There is significant risk that the predictions, forecasts, valuations, conclusions or projections we make will not prove to be accurate and that the Company's actual results will be materially different from targets, expectations, estimates or intentions expressed in forward-looking statements. The Company cautions the readers of this document not to place undue reliance on its forward-looking statements. Assumptions about the performance of the Canadian and US economies and how this performance will affect the business are material factors we consider in determining our forward-looking statements in the AIF and the management's discussion and analysis for the year ended December 31, 2011.

For additional information regarding material risks and assumptions, please see the discussion under Risk Factors in the management's discussion and analysis for the year ended December 31, 2011, which is incorporated by reference in this AIF.

Investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Except as may be required by law, the Company does not undertake to update any forward-looking statement whether written or oral, that may be made by the Company or on its behalf.

CORPORATE STRUCTURE

Name, Address and Incorporation

Melcor Developments Ltd., ("Melcor" or the "Company") was amalgamated under the Companies Act of Alberta under the name Melton Real Estate Ltd. on August 1, 1967 (name changed on June 4, 1976 to Melcor Developments Ltd.). The Company amalgamated with a wholly owned subsidiary on January 2, 1981, and again on December 31, 1992. In both instances it continued under the name Melcor Developments Ltd. On January 7, 1986, the Company received a Certificate of Continuance in accordance with the Business Corporations Act of Alberta.

On April 13, 2006, the Certificate of Amalgamation of the Company was amended by dividing each authorized and unissued common share of the Company into ten common shares, so that after giving effect to the division, the authorized capital of the Company consisted of 100,000,000 common shares and 50,000,000 non-voting First Preferred shares.

On April 19, 2007, the shareholders approved an amendment to the Articles of the Company to authorize a change in authorized amount for the common voting shares of the Company from 100,000,000 to an unlimited number; the number of First Preferred shares authorized to be issued was changed from 50,000,000 to an unlimited number; and the creation of a new class of common non-voting shares to an unlimited number.

The head office and registered office of Melcor is located at:

Melcor Developments Ltd.
900, 10310 - Jasper Avenue,
Edmonton, Alberta. T5J 1Y8

Intercorporate Relationships

Subsidiary	Percentage of Voting Shares	Jurisdiction of Incorporation
Melcor Developments Arizona, Inc.	100%	Arizona, USA
Stanley Investments Inc.	100%	Alberta, Canada
Melcor Lakeside Inc.	100%	Alberta, Canada

Certain subsidiaries of the Company have been excluded on the basis that the subsidiary does not have assets or revenues greater than 10% of the total consolidated assets or revenues of the Company. The combined assets or revenues of all omitted subsidiaries do not exceed 20% of the total consolidated assets or revenues of the Company.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The significant events affecting Melcor's business during the last three financial years and to the date of this AIF is summarized below:

2009

- In the first quarter, disposed of the Albert Street Building in Regina, Saskatchewan, which resulted in a gain of \$0.34 million.
- In the second quarter, acquired 50 condominium units in Phoenix, Arizona

2010

- Through the first 3 quarters of 2010, the Company acquired 653 acres of land in Red Deer, Lethbridge, Edmonton, Calgary, and Phoenix, Arizona for future development.
- In the second quarter, acquired a 240-unit residential complex near Houston, Texas for \$20.97 million.
- During the fourth quarter, acquired two industrial warehouses in Saskatchewan for \$2.40 million.
- Disposed of the Crowfoot Circle land lease, resulting in a gain of \$1.65 million.
- Mr. Andrew J. Melton joins the Company as Executive Vice-Chairman on October 1, 2010.
- Mr. Michael D. Shabada, VP Finance and CFO, resigns from the Company on October 31, 2010.

2011

- Mr. Jonathan W. Chia joined the Company as Vice President, Finance and Chief Financial Officer on January 24, 2011.
- On February 8, 2011, the Company announced the issuance and sale of \$40.00 million of 6.25% convertible unsecured subordinated debentures by way of private placement. The Company intends to use the net proceeds for general corporate purposes.
- Mr. Brian D. Baker was appointed to Executive Vice President and Chief Operating Officer on June 2, 2011.
- Announced the sale of The Market at Magrath, a 78,400 sq. ft. commercial and office development in southwest Edmonton, Alberta on August 16, 2011 for \$34.50 million.
- Sold two industrial warehouse buildings in Saskatchewan for \$4.35 million.
- The Investment Property division acquired:
 - o a 264-unit multi-family apartment complex near Houston, TX in the second quarter for US\$21.50 million; and
 - o a 240-unit multi-family apartment complex in North Dallas, TX for US\$19.80 million in the fourth quarter, bringing Melcor's Texas multi-family portfolio to 744 units.
 - o 9 additional units in the Dakota at Camelback, a condominium reversion project in Phoenix, Arizona where Melcor already own 64 units;
 - o 93 units in The Edge at Greyhawk, a condominium reversion project in Scottsdale, Arizona; and
 - o 11 other residential units throughout the Phoenix area.
- The Community Development division acquired approximately 774 acres of raw land in Aurora, CO in the fourth quarter for US\$14.63 million.

DESCRIPTION OF THE BUSINESS

General Information

Melcor Developments Ltd., which traces its history back to 1923, has operated and prospered for over 88 years, due to stable and committed ownership and loyal and dedicated staff who are focused on the real estate industry. A publicly traded company on the Toronto Stock Exchange under the symbol "MRD", Melcor primarily operates in Alberta, specifically in the metropolitan areas of Calgary, Edmonton, Lethbridge, and Red Deer. Melcor also holds and operates assets across Western Canada (British Columbia and Saskatchewan) and the United States (Arizona, Colorado and Texas). Melcor primarily operates in four primary business segments, which include:

i. Community Development

The principal segment of the Company's business, the Community Development division involves the acquisition, planning, development and marketing of urban communities. The majority of residential lots and parcels are sold to homebuilders that purchase sites through agreements for sale. The Community Development division also develops large-scale commercial and industrial centres in the Edmonton, Red Deer and Calgary regions. In 2011, this segment accounted for 76% of consolidated revenues (2010 – 75%).

The following table summarizes Melcor's raw land inventory in acres by region at December 31, 2011:

Region (In acres)	Residential	Commercial/ Industrial	Total
Northern Alberta			
Edmonton	925	84	1,010
Leduc	232	144	376
Spruce Grove	477	356	833
County of Parkland		571	571
St. Albert	77		77
Southern Alberta			
Airdrie	631		631
Calgary	674	143	817
Chestermere	36		36
Cochrane	222		222
County of Rockyview		849	849
Lethbridge	541		541
Central Alberta			
Red Deer	928	103	1,031
Innisfail		129	129
Penhold	127		127
Sylvan Lake	220		220
Other			
Regina, Saskatchewan		686	686
Kelowna, BC	379	26	405
Fraser-Fort George, BC	82		82
Aurora, CO	774		774
Tomball, TX		2	2
Tucson, AZ	86		86
	6,410	3,093	9,504
Average cost per acre	\$ 40,155	\$ 9,760	

For additional information regarding the Community Development division, see the Company's 2011 management's discussion and analysis incorporated by reference in this AIF and filed on www.sedar.com.

ii. Property Development

The Property Development division acquires prime commercial sites from the Community Development division to develop and lease high quality retail, office and industrial revenue-producing properties that deliver asset appreciation gains and/or stable long-term returns. Once completed, these assets are transferred to the Investment Property division where they are held and managed. Since 2003, the Property Development division has developed or leased over 1.50 million square feet of office and retail space. Participants in commercial projects include companies such as Wal-Mart, Rona, Home Depot, General Electric, Canadian Tire, Save-On Foods, Shoppers Drug Mart, Staples, Rexall Drugs, TD Bank, Scotiabank, Royal Bank, Canadian Western Bank, Tim Hortons, and more.

The following table provides a summary of Melcor's active property development sites at December 31, 2011:

Project	Location	Description	Project Size (Sq. Ft.) ¹
Leduc Common	Leduc, Alberta	A 64-acre regional power centre located on 50 th avenue and Discovery Way. The site is anchored by Walmart and includes national tenants such as Canadian Tire, Rona and Staples. An additional phase totalling 75,000 sq. ft of leasable space is planned for 2013.	488,782
Chestermere Station²	Chestermere, Alberta	A 40-acre regional shopping centre located at Highway 1A and Windermere Blvd. This site is anchored by Safeway, and includes other tenants such as RBC, TD Bank, Shopper's Drug Mart, Boston Pizza and Tim Horton's. An additional 17,900 sq. ft. in retail development is planned in 2012. Future development plans include a 46,000 sq. ft. professional building.	385,000
Westgrove Common	Spruce Grove, Alberta	A 27-acre regional shopping centre located at Jennifer Heil Way and McLeod Avenue. Superstore and Home Depot anchor this site and includes national tenants such as RBC, TD Bank, The Brick and Starbucks. This site was completed in 2011.	212,000
Kingsview Market	Airdrie, Alberta	A 38-acre regional shopping centre located at Highway 2 and Yankee Valley Blvd. This site is anchored by a national grocery store and Home Hardware, and includes national tenants such as RBC and Shopper's Drug Mart. Approximately 20,000 sq. ft. is planned for 2012, with over 200,000 sq. ft. of development potential remain on this site.	331,056
Clearview Market²	Red Deer, Alberta	A 22-acre regional shopping centre located at 67 th Street and 30 th Avenue. This site is anchored by Loblaws and includes national tenants such as RBC, TD Bank and Shopper's Drug Mart. Over 200,000 sq. ft. of development potential remain on this site.	263,000
Miller Commercial	Edmonton, Alberta	A 3.3-acre neighbourhood shopping centre located at Manning Drive and 144 th Avenue. Tenants include Rexall Pharmacy and Starbucks. This site was completed in 2011.	27,000

Stonecreek Village²	Ft. McMurray, Alberta	An 8-acre mixed-use shopping centre located at Prospect Drive and Riverstone Common will include approximately 140,000 sq. ft. of retail space and 72,000 sq. ft. of office space. Site planning for this project commenced in 2011 with construction scheduled to commence in 2012/2013.	212,000
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1. Project size represents the estimated total leasable square footage to be developed by the Property Development division. This includes sites that may be individually sold to retailers or end-users.
2. Joint arrangement project.

The following table provides a summary of Melcor's future property development sites:

Project	Location	Description	Project Size (Sq. Ft.) ¹
Village at Blackmud Creek	Edmonton, Alberta	A 33-acre regional business park located at Ellerslie Road and Calgary Trail. This project is scheduled to commence in 2012.	256,000
West Henday Promenade²	Edmonton, Alberta	A 25-acre regional mixed-use commercial centre located at Anthony Henday Drive and 87 th Avenue. This project is scheduled to commence in 2012.	300,000
Shops at Jagare Ridge²	Edmonton, Alberta	A 12-acre regional shopping centre located at 141 st Street SW and 28 th Avenue SW. This project is scheduled to commence in 2013.	105,000
The District at North Deerfoot	Calgary, Alberta	A 130-acre regional business/industrial park located at Highway 2 and Country Hills Blvd SE. This project is scheduled to commence in 2013.	1,750,000
Greenwich	Calgary, Alberta	A 34-acre regional shopping centre and office park located at Highway 1 and 83 rd Street NW. This project is scheduled to commence in 2014	419,000
Sweet Lands	Calgary, Alberta	An 80-acre regional power centre located at Highway 1 and Old Bank Coach Road. This project is scheduled to commence in 2014.	800,000
Pole Lands	Calgary, Alberta	An 80-acre regional power centre located at Stoney Trail and 11 th Street NE. This project is scheduled to commence in 2014.	775,000
The Canyons	Lethbridge, Alberta	A 12-acre regional shopping centre located at University Drive and Chinook Trail West. This project is scheduled to commence in 2014.	100,000
Denecky III	Lethbridge, Alberta	An 85-acre regional power centre located at Highway 3 and University Drive West. This project is scheduled to commence in 2014.	750,000

1. Project size is the estimated total leasable square footage to be developed by the Property Development division. This includes sites that may be individually sold to retailers or end-users.
2. Joint arrangement project.

For additional information regarding the Property Development division, see the Company's 2011 management's discussion and analysis incorporated by reference in this AIF and filed on www.sedar.com.

iii. Investment Properties

The Company owns a portfolio of high-quality residential, office, retail, and industrial properties, which

are held as long-term investments. The Investment Property division is responsible for managing these revenue generating properties, representing over three million square feet of rentable space, located across Western Canada and the southern United States. In 2011, this segment accounted for 21% of consolidated revenues (2010 - 22%).

The following tables details Melcor's investment property holdings:

Commercial Properties	Year Acquired	Leasable Square Feet			% Leased	
		Office	Retail	Total	2011	2010
Edmonton Region						
100 Street Place	2000	44,295		44,295	95%	100%
Associated Centre	2002	55,119	19,205	74,324	88%	95%
Birks Building	2001	24,801	9,950	34,751	65%	70%
Capilano Centre ¹	1999	68,508	28,578	97,086	81%	81%
Corinthia Plaza	1975		23,143	23,143	100%	100%
Glentel Building	2002	15,968		15,968	100%	100%
Leduc Common ²	2003-2010		158,589	158,589	95%	99%
Melton Building	1973	104,753	8,180	112,933	98%	90%
Miller Crossing	2009		27,448	27,448	72%	100%
Premier Audio Building	2008		6,000	6,000	100%	100%
Princeton Place	1999	50,110	8,448	58,558	87%	79%
Royal Bank Building	2005	118,493	17,191	135,684	91%	93%
Stanley Buildings	2004	33,432		33,432	93%	93%
Sterling Business Centre	2003	67,909		67,909	84%	43%
Westcor Building	1978	59,024	12,811	71,835	86%	100%
Westgate Business Centre	2001	74,845		74,845	77%	79%
Westgrove Common	2006-2010		13,085	13,085	100%	100%
Calgary Region						
Chestermere Station ^{1,3}	2006-2010		95,639	95,639	96%	92%
Crowfoot Building	2002	52,559	15,467	68,026	94%	94%
Kensington Road Building	1980	17,867	5,984	23,851	91%	100%
Kingsview Market	2010		33,512	33,512	96%	89%
Lethbridge, Alberta						
Lethbridge Centre ¹	2007	261,948	165,249	427,197	65%	74%
Regina, Saskatchewan						
Executive Terrace	2007	42,843		42,843	100%	100%
Market Mall	2007		42,553	42,553	67%	79%
Parliament Place	2007	24,411		24,411	73%	95%
Towers Mall	2007		115,999	115,999	100%	96%
University Park Plaza	1981		41,206	41,206	100%	100%
Kelowna, British Columbia						
Kelowna Business Centre	2006	35,653	36,429	72,082	82%	80%
Richter Street	2007	28,978		28,978	91%	91%
Total @ 100% ownership		1,181,516	884,666	2,066,182	85%	

Total net of JV ownership	1,149,953	615,832	1,765,785	87%
2010 Total @ 100% ownership	1,057,628	1,033,011	2,090,639	87%
2010 net of JV ownership	966,016	822,607	1,788,623	88%

1. Owned through joint arrangement.
2. Land leases totalling 56,980 sq.ft. are included in leasable square footage for Leduc Common.
3. Land leases totalling 3,186 sq.ft. are included in leasable square footage for Chestermere Station.

Residential Properties	Location	Year Acquired	Number of Units	% Leased	
				2011	2010
Augusta Meadows	Tomball (Houston), TX	2011	264	86%	-
Brownstones at Biltmore	Phoenix, AZ	2011	10	80%	-
Dakota at Camelback	Phoenix, AZ	2009	74	97%	89%
Edward Street Apartments	Edmonton, AB	2006	11	82%	82%
Lakeside 121	Lewisville (Dallas), TX	2011	240	95%	-
Pebble Creek	Sugarland (Houston) , TX	2010	240	95%	92%
The Artesia	Scottsdale, AZ	2011	1	100%	-
The Edge at Grayhawk	Scottsdale, AZ	2011	93	92%	-
Watergrove ¹	Calgary, Alberta	1995	308	100%	100%
Total			1,241	94%	91%

1. Watergrove is a manufactured home community that Melcor owns through a joint arrangement.

Parking Lots	Location	Year Acquired	Number of Stalls
104 th Street Parking Lot	Edmonton, AB	2001	28
102 nd Street Parking Lot	Edmonton, AB	2009	45
Executive Terrace Parking Lot	Regina, SK	2007	59
Phillips Lofts Parking Lot	Edmonton, AB	2002	28
Richter Street Parking Lot	Kelowna, BC	2007	26
Royal Bank Parkade	Edmonton, AB	2005	330
Total			516

Development Sites	Location	Year Acquired	Size (Sq. Ft.)
Jasper Avenue Park	Edmonton, AB	2005	24,000
Market Tire Site	Edmonton, AB	2011	15,000

For additional information regarding the Investment Properties division, and a listing of properties owned by the company, see the Company's 2011 management's discussion and analysis incorporated by reference in this AIF and filed on www.sedar.com.

iv. Recreational Properties

The Company owns and manages three 18-hole championship golf courses in Alberta and British Columbia, and has a 50% interest in an additional championship golf course in Alberta as follows:

Golf Course	Location
The Links at Spruce Grove	Spruce Grove, AB
Black Mountain Golf Club	Kelowna, BC
Lewis Estates Golf Course ¹	Edmonton, AB
Jagare Ridge Golf Club ^{1, 2}	Edmonton, AB

1. Owned through joint arrangement.
2. Managed by third party.

This division can be impacted by seasonality of markets and weather conditions, as revenues are strongly dependent on the number of golf rounds that can be sold throughout the golfing season.

For additional information regarding the Recreational Properties division, see the Company's 2011 management's discussion and analysis incorporated by reference in this AIF and filed on www.sedar.com.

Production and Services

The Company believes that it has the necessary capabilities to execute the strategic initiatives and achieve performance targets set out in Melcor's business plan. The management team of the Company is focused on ensuring a disciplined approach and hands-on management of its projects, assets, and capital.

Melcor's business model and depth of experience in the real estate industry provides a competitive advantage, with a primary focus on sustainable returns over a longer-term horizon.

Specialized Skill and Knowledge

The Company employs management and administrative personnel to manage the business. and endeavours to utilize third-party contractors to carry out development and construction activities (such as planning, design, engineering, architecture, utilities servicing). The Company also contracts property management services for the Investment Properties division and employs seasonal staff in our Recreational Properties division.

Competitive Conditions

The land development industry is competitive with a large number of well-financed companies operating in the same markets. The Company conducts business in the vicinity of major population and employment centers where it works to develop long-term relationships with the municipalities, construction industry, financial institutions and the people who live in the communities.

The Company has two main features which shape its competitive position, namely:

- Financial strength and proven track record; and
- Experience and integrity of personnel.

Financing

The Company continues to have strong relationships with its major lenders. The strength of Melcor's capital structure and the liquidity maintained allow the Company to continue accessing financing in spite of fluctuating credit markets and the ongoing changes in the economic environment.

The Company utilizes fixed rate, long-term mortgage financing for its revenue producing assets to raise capital to deploy for acquisitions, development activities, and other business expenditures. As such, most of the Company's borrowings are in the form of long-term, property specific financings such as mortgages or project financings secured by the specific assets.

Operations are also supplemented by a syndicated operating line of credit with a combination of Canadian chartered banks, which margins the land development assets of the Company (raw land inventory, land under development and agreements receivable).

During the first quarter of 2011, the Company announced the issuance and sale of \$40.00 million of 6.25% convertible unsecured subordinated debentures by way of private placement.

Environmental Protection

The Company is subject to laws and regulations concerning the protection of the environment in connection with its development activities. For example, environmental laws or local bylaws may apply to a development site based on its environmental condition, present and former uses, and its adjoining properties. Environmental laws and conditions may result in delays, cause the Company to incur significant compliance and other costs, and can severely restrict or prevent the development in environmentally sensitive regions or areas. The Company employs a rigorous due diligence process prior to the acquisition of any raw land, development site or investment property to mitigate its exposure.

Environmental protection requirements did not have a significant financial or operational effect on the Company's capital expenditures, earnings or competitive position during 2011 and the Company does not expect significant effects in future years.

Employees

The Company had 88 employees at December 31, 2011 and employed an average of 150 seasonal employees through the summer months who primarily work in the Recreational Properties division.

RISK FACTORS

The following is an overview of certain risks factors that could adversely impact our financial condition, results of operations, and the value of the Company's common shares.

General Risks

The Company is exposed to the micro- and macro-economic conditions that affect the markets in which it operates and owns assets. In general, a decline in economic conditions will result in downward pressure of Melcor's margins and asset values as a result of lower demand for the services and products we offer. Specifically, general inflation and interest rate fluctuations; population growth and migration; job creation and employment patterns; consumer confidence; government policies, regulations and taxation; and availability of credit and financing could pose a threat to the Company's ongoing business operations.

International economic forces and conditions will continue to impact the Company as its investment into the US continues to grow. The Company has adapted its business plan to reflect current conditions and believes that it has sufficient resources to carry its operations through uncertain times.

The Company participates in joint arrangements, under the normal course of business, that may have an effect on certain assets and businesses. These joint arrangements may involve risks that would not otherwise be present if the third parties were not involved, including the possibility that the partners have

different economic or business interests or goals. Also, within these arrangements, Melcor may not have sole control of major decisions relating to these assets and businesses, such as: decisions relating to the sale of the assets and businesses; timing and amount of distributions of cash from such entities to the Company and its joint arrangement partners; and capital expenditures.

Industry Risk

Real estate investments are generally subject to varying levels of risk. These risks include changes to general economic conditions, government and environmental regulations, local supply/demand, and competition from other real estate companies. Real estate assets are relatively illiquid in down markets, particularly raw land. Due to this, Melcor may not be able to quickly rebalance its portfolio in response to changing economic or investment conditions.

Financing Risk

The Company utilizes debt and other forms of leverage in the ordinary course of business to enhance returns to shareholders. Most leveraged debt within the business has recourse only to the assets being financed or margined and has no recourse to the Corporation.

Melcor is subject to general risks associated with debt financing. The following risks may adversely affect the Company's financial condition and results of operations:

- Cash flow may be insufficient to meet required payments of principal and interest;
- Payments of principal and interest on borrowings may leave the Company with insufficient cash resources to pay operating expenses;
- The Company may not be able to refinance indebtedness on our assets at maturity due to company and market factors;
- The fair market value of the Company's assets;
- Liquidity in the debt markets;
- Financial, competitive, business and other factors, including factors beyond our control;
- Refinancing terms that are not as favourable as the original terms of the related financing.

The Company attempts to mitigate these risks through the use of long-term debt and diversifying terms and maturity dates.

The terms of various credit agreements and other financing documents require the Company to comply with a number of financial and other covenants, such as maintaining debt service coverage and leverage ratios, and minimum insurance coverage. These covenants may limit our flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness even if the Company had satisfied its payment obligations.

If the Company is unable to refinance assets/indebtedness on acceptable terms, or at all, the Company may need to utilize available liquidity, which would reduce its ability to pursue new investment opportunities, or require the Company to dispose of one or more of its assets on disadvantageous terms. In addition, unfavourable interest rates or other factors at the time of refinancing could increase interest expense.

A large proportion of the Company's capital is invested in physical, long-lived assets which can be difficult to liquidate, especially if local market conditions are poor. This circumstance could limit the Company's ability to vary its portfolio of assets promptly in response to changing economic or investment conditions.

The Company may enter into financing commitments in the normal course of business and, as a result, may be required to fund these, particularly through its joint arrangements. If the Company is unable to

fulfil any of these commitments, this could result in damages being pursued against the Company.

Community Development

The Community Development division is subject to risks influenced by the demand for new housing in the regions we operate in. Demand is primarily impacted by interest rates, growth in employment, migration, new family formations and the size of these families. The division's ability to bring new communities to the market is impacted by municipal regulatory requirements and environmental considerations which affect the planning, subdivision and use of land. The lengthy planning and approval process can take up to eighteen months. During this period, the market conditions in general and / or the market for lots in the size and price range in our developments may change dramatically.

Management must manage its assets to ensure that it has adequate future land assets to develop by ensuring appropriate approvals are in place and by balancing its inventory of long, medium and short-term lands against the cost of acquiring and holding these lands.

Property Development

The Property Development division is subject to risks that would normally be associated with the construction industry (such as fluctuating labour, material and consulting costs), combined with the normal leasing risks that the Investment Property division faces (see below).

The division has to manage the overall costs of projects, project financing requirements, the quality of the construction, and the suitability of the project in relation to the needs of the tenants who will occupy the completed building. The division is also subject to additional holding costs if the asset is not leased out on a timely basis.

Investment Properties

The Investment Property division is subject to the market conditions in the geographic areas where it owns and manages properties. As these market conditions improve, the ability to achieve higher occupancy rates also improves. These market conditions are influenced by outside factors such as government policies, demographics and employment patterns, the affordability of rental properties, competitive leasing rates and long-term interest and inflation rates.

Recreational Properties

The Recreational Properties division is comprised mainly of the ownership and management of golf courses. The results of golf course operations may be adversely affected by weather, which limits the number of playing days; competition from other courses; the level of disposable income available to customers to spend on recreational activities; the popularity of the sport; and the cost of providing desirable playing conditions of the course.

DIVIDENDS

The Board of Directors decide upon the actual payment of dividends after consideration of relevant factors including earnings, availability of cash, capital requirements and the financial condition of the Company.

Per common share in dollars	2011	2010	2009
On or before June 30	.20	.15	.10
On or before December 31	.20	.20	.15
Total	.40	.35	.25

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The Company has the following share capital:

- Unlimited Voting Common Shares (30,033,297 issued and outstanding as at December 31, 2011)
- Unlimited Non-Voting Common Shares (none issued)
- Unlimited Non-Voting First Preferred Shares (none issued)

MARKET FOR SECURITIES

The common shares of the Company are listed on The Toronto Stock Exchange (TSX) under the symbol "MRD". Trading information for the period January 1, 2011 to December 31, 2011 is set out in the following table:

	High	Low	Volume
January	15.00	13.50	153,300
February	15.85	14.70	175,500
March	16.26	15.65	292,900
April	16.55	15.75	176,700
May	16.51	15.80	445,400
June	16.00	15.40	816,600
July	16.50	15.49	290,500
August	15.70	13.25	178,800
September	13.00	11.11	827,100
October	12.41	10.85	760,100
November	13.99	12.35	105,200
December	13.30	12.33	274,700

DIRECTORS AND OFFICERS

Directors

Each director holds office for a period from the date of election until the next annual general meeting of the shareholders. The following table lists the directors of Melcor Developments Ltd., their province of residence, period of service as a director of Melcor and their principal occupation during the five preceding years:

Name and Municipality of Residence	Position with Melcor	Principal Occupation	Director Since
William D. Grace, FCA^{1,2} Alberta, Canada	Lead Director	Corporate Director	1994
Gordon J. Clanachan, FCA¹ Alberta, Canada	Director	Corporate Director and Consultant	2009
Ross A. Grieve² Alberta, Canada	Director	Chairman, PCL Construction Holdings Ltd.	2003
Catherine M. Roozen¹ Alberta, Canada	Director	Director & Secretary, Cathton Investments Ltd.	2007
Allan E. Scott² Alberta, Canada	Director	Corporate Director	2007
Timothy C. Melton³ Alberta, Canada	Executive Chairman	Executive Chairman, Melcor Developments Ltd.	1973
Andrew J. Melton³ Alberta, Canada	Vice-Executive Chairman	Vice-Executive Chairman, Melcor Developments Ltd.	1985
Ralph B. Young³ Alberta, Canada	President & CEO	President & CEO, Melcor Developments Ltd.	1976

1 Member of the Audit Committee. Mr. Clanachan is the chair of the Audit Committee.

2 Member of the Corporate Governance and Compensation Committee. Mr. Scott is the chair of the Corporate Governance and Compensation Committee.

3 Mr. T.C. Melton, Mr. A.J. Melton and Mr. Young are not considered independent based on their positions within the Company.

All of the directors have held the principal occupation indicated opposite their names for the previous 5 years, except:

Mr. Allan E. Scott, who held the position of President & CEO of Edmonton Economic Development Corporation until 2007.

Mr. Andrew J. Melton, who held the position of Principal at Avison Young Commercial Real Estate until October 2010.

Executive Officers

The following table lists the executive officers of Melcor Developments Ltd., their province of residence, period of service as an executive officer of Melcor and their principal occupation during the five preceding years:

Name and Municipality of Residence	Executive Officer Since	Principal Occupation in 5 Preceding Years
Timothy C. Melton Edmonton, Alberta	January 1973	Executive Chairman
Andrew J. Melton Calgary, Alberta	October 2010	Executive Vice-Chairman Principal (Avison Young Real Estate – 1995 to October 2010)
Ralph B. Young Edmonton, Alberta	January 1976	President & Chief Executive Officer
Jonathan W. Chia, CA Edmonton, Alberta	January 2011	Vice President Finance & Chief Financial Officer Chief Financial Officer (Matrikon Inc. – July 2008) Sr. Manager – Finance (Matrikon Inc. – July 2005)
Brian D. Baker Edmonton, Alberta	October 2004	Executive Vice President & Chief Operating Officer Vice President, Property Development (October 2004 to June 2011)
W. Peter Daly Edmonton, Alberta	March 2001	Executive Vice President, Community Development
Darin A. Rayburn Edmonton, Alberta	November 2005	Executive Vice President, Investment Properties
Brett A. Halford Edmonton, Alberta	March 1998	Vice President, Administration

The Directors and Executive Officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 60.7% of the outstanding common shares of the Company as at March 14, 2011.

TRANSFER AGENT AND REGISTRAR

Valiant Trust Company is the transfer agent and registrar for the Company's common shares at its office in Edmonton, Alberta and through its office in Toronto, Ontario.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is involved in various claims and litigation as a regular part of its business. Management believes that the resolution of these claims and litigation (which in certain cases are, subject to applicable deductibles, covered by insurance) will not have a material adverse effect on its financial position or results of operations.

INTEREST OF MANAGEMENT AND OTHER PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below and material change reports filed on www.sedar.com, there were no material interests, direct or indirect, of any director or executive officer, any person or company who owns of record, or is known by the Company to own beneficially, or control or direct, directly or indirectly, more than 10% of the Common Shares of the Company or any associate or affiliate of the foregoing persons or companies in any transaction within the last three financial years or during the current fiscal year that has materially affected or will materially affect the Company.

On February 8, 2011, the Company completed the issuance and sale of \$40,000,000, 6.25% convertible unsecured subordinated debentures. \$20,000,000 of the convertible debentures was issued to Melton Holdings Ltd., of which greater than 50% of the voting shares are controlled by Mr. Timothy C. Melton and Mr. Andrew J. Melton. \$2,000,000 of the convertible debentures was issued to Cavell Holdings Ltd., which is controlled by Mr. Timothy C. Melton.

NAMES AND INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, Chartered Accountants, Suite 1501, 10088-102 Avenue NW, Edmonton, Alberta, T5J 3N5 are the independent external auditors of the Company. PricewaterhouseCoopers LLP are independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Altus Group Limited, 17327-106a Avenue NW, Edmonton, Alberta, T5S 1M7, are the independent valuers used by the Company. Altus Group Limited, a member of the Appraisal Institute of Canada, prepares and certifies a report with respect to the valuation of the Company's investment properties as required to be presented in accordance with International Financial Reporting standards. Altus Group Limited is independent with respect to the Company in accordance with the Canadian Uniform Standards of Professional Appraisal Practices, which regulates the Appraisal Institute of Canada.

MATERIAL CONTRACTS

The Company did not enter into any material contracts outside the ordinary course of business in 2011, with exception to the agreements associated with the \$40,000,000 convertible debenture issued on February 8, 2011.

AUDIT COMMITTEE

Audit Committee Charter

The Terms of Reference of the Company's Audit Committee are included as Appendix I.

Composition of the Audit Committee

The Board of Directors believes that the composition of the Audit Committee reflects a high level of financial literacy and expertise. Each member of the Audit Committee has been determined by the Board to be "financially literate" and "independent" as defined under NI 52-110.

The Audit Committee is comprised of the following members:

Gordon. J. Clanachan, FCA Chair of Committee Member since 2009	Mr. Clanachan is a graduate of Glasgow University, Scotland. He is a Fellow Chartered Accountant and holds the ICD.D designation. During the past 5 years, Mr. Clanachan has been a corporate director and consultant providing business advisory services. He is a member of the advisory board for a number of companies and the Vice-Chair of the Board of Governors of the University of Alberta. From 1994 to 1999, he served as President & CEO of RaiLink Ltd., a TSX-listed public company and Canada's largest regional railway. Mr. Clanachan currently serves as the Chair of the Edmonton Regional Airports Authority, is a director of Bridgewater Bank and Alberta Blue Cross and is a trustee of Edmonton Pipe Industry Pension and Health & Welfare Fund.
William D. Grace, FCA Member since 1994	Mr. Grace is a graduate of the University of Alberta and a Fellow Chartered Accountant. From 1988 to 1994, he was the managing partner in the Edmonton office of Price Waterhouse. During his business career, he served on the Boards of several Canadian corporations. Mr. Grace has served on the Audit Committees for numerous public and private companies. Mr. Grace is a past President of both the Alberta and Canadian Institute of Chartered Accountants
Catherine M. Roozen Member since 2007	Ms. Roozen is a graduate of the University of Alberta where she served as a Governor from 1998 to 2005. Since 1981, she has been a Director and the Corporate Secretary of Cathton Investments Ltd. and The Allard Foundation Ltd.. Ms. Roozen also currently serves as a director of Corus Entertainment Inc. and is the Interim Chair of Alberta Health Services.

Preapproval Policy

The Audit Committee must pre-approve the audit and non-audit services performed by the independent auditor in order to ensure that the provision of such services does not impair the auditor's independence. Unless a type of service to be provided by the independent auditor has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed service exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee.

External Auditor Fees

PricewaterhouseCoopers LLP (or their predecessors) have been the Company's Auditors since the Company went public in 1968. During the past 2 years, the Company has paid the following fees to its auditors:

	2011	2010
Audit fees	\$212,000	\$196,320
Audit-related fees ¹	105,360	95,053
Tax fees ²	75,675	31,325
52-109 Compliance	48,045	31,000
All other fees ³	52,210	38,000
Total	\$492,290	\$391,698

- 1 Audit related fees include fees for subsidiary companies, joint arrangements, and building operating statements and homeowners associations.
- 2 Tax fees include tax compliance services and tax advisory and planning services.
- 3 All other fees include services rendered for advice related to accounting policies.

ADDITIONAL INFORMATION

Additional information relating to the Company's business is available on SEDAR at www.sedar.com or under the 'Melcor Corporate' tab on the Company's website at www.melcor.ca.

Additional information including directors' and officers' remuneration and indebtedness, principal shareholders and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular dated March 14, 2012, prepared for the Annual Meeting of Shareholders to be held on April 26, 2012. Additional financial information about the Company is provided in the comparative consolidated financial statements and management's discussion and analysis in its annual report for the year ended December 31, 2011.

Copies of these documents and any other documents incorporated by reference, additional interim financial statements for periods subsequent to December 31, 2011 and additional copies of this AIF are available on request.

Please direct your request for materials to:

By Mail: Investor Relations
Melcor Developments Ltd.
900, 10310 Jasper Avenue
Edmonton, Alberta T5J 1Y8

By Phone: 780-423-6931

By Fax: 780-426-1796

Or by Email: ir@melcor.ca

APPENDIX I

Audit Committee Charter

The term "**Company**" refers to Melcor Developments Ltd. and its subsidiaries and the term "**Board**" refers to the board of directors of the Company.

PURPOSE

The Audit Committee (the "**Committee**") is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to the Company's financial reporting including responsibility to:

- oversee the integrity of the Company's consolidated financial statements and financial reporting process, including the audit process and the Company's internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the performance, qualifications, independence and compensation of the Company's external auditors;
- oversee the work of the Company's financial management and external auditors in these areas; and
- provide an open avenue of communication between the external auditors, the Board and the officers (collectively, "**Management**") of the Company.

In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board.

COMPOSITION AND PROCEDURES

In addition to the procedures and powers set out in any resolution of the Board, the Committee will have the following composition and procedures:

1. Composition

The Committee shall consist of no fewer than three members. None of the members of the Committee shall be an officer or employee of the Company or any of its subsidiaries and each member of the Committee shall be an "independent director" (in accordance with the definition of "independent director" established from time to time under the requirements or guidelines for audit committee service under applicable securities laws and the rules of any stock exchange on which the Company's shares are listed for trading).

2. Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by election from among its members. The Board shall fill any vacancy if the membership of the Committee is less than three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its power so long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be elected by the Board annually and each member of the Committee shall hold office as such until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified. The chair of the Committee shall be designated by the Board.

3. Meetings

Regular meetings of the Committee are held at least 4 times each year. Committee meetings may be called by the Committee chair or by a majority of the Committee members. At any meeting of the Committee, a quorum of at least two committee members must be present for the Committee to exercise any of its powers. Meetings may be conducted with members present, or by telephone or other communication facilities which permit all persons participating in the meeting to communicate with each other.

4. Financial literacy

All members of the Committee must be "financially literate" (as that term is interpreted by the Board in its reasonable judgment or as may be defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Company's shares are listed for trading) or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

5. Chair

The Chair of the Committee shall have the duties and responsibilities set forth in Appendix "II".

6. Separate Executive Meetings (*in camera sessions*)

The Committee will endeavour to meet at least once every quarter, if required, and more often as warranted, with the Chief Financial Officer and with the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

7. Professional Assistance

The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense.

8. Review of Charter and Audit Committee Disclosures

The Committee will periodically review and reassess the adequacy of this Charter as it deems appropriate and recommend changes to the Board. The Committee will evaluate its performance with reference to this Charter.

The Committee will approve the form of disclosure of this Charter and any Audit Committee information, where required by applicable securities laws or regulatory requirements, in the annual proxy circular or annual report of the Company.

9. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

10. Reporting to the Board

The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

SPECIFIC MANDATES OF THE COMMITTEE

The Committee shall have authority over, and shall be responsible for the following specific matters:

I. External Auditors

- (a) Oversee the work and review the performance and qualifications of the external auditors of the Company who are accountable to the Committee and the Board as the representatives of the shareholders of the Company, and make recommendations to the Board as to the reappointment or appointment of the external auditors of the Company to be proposed in the Company's proxy circular for shareholder approval and shall have authority to terminate the external auditors. In performing this oversight and review, the Committee will:
 - i. At least annually, obtain and review a report by the external auditors describing (A) the external auditors' internal quality control procedures; (B) any material issues raised by the most recent internal quality control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and (C) (to assess the auditors' independence) all relationships between the external auditors and the Company;
 - ii. Take into account the opinions of management; and
 - iii. Review and evaluate the Lead Partner of the external auditors..
- (b) review the reasons for any proposed change in the external auditors of the Company which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed replacement auditors before making its recommendation to the Board;
- (c) approve the terms of engagement and the compensation to be paid by the Company to the Company's external auditors;
- (d) review the independence of the Company's external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (e) adopt policies and procedures for the pre-approval of all audit and permitted non-audit services to be provided to the Company or any of its affiliates by the external auditors or any of their affiliates, subject to any *de minimus* exception allowed by applicable law; the Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals required by this subsection;
- (f) review the disclosure with respect to its pre-approval of audit and non-audit services provided by the Company's external auditors;
- (g) approve any hiring by the Company or its subsidiaries of employees or former employees of the Company's external auditors;

- (h) review a written or oral report describing:
 - (i) critical accounting policies and practices to be used in the Company's annual audit,
 - (ii) alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Company's management and that are significant to its consolidated financial statements, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors, and
 - (iii) other material written communication between the Company's external auditors and the Company's management, such as any management letter or schedule of unadjusted differences;
- (i) review with the external auditors and the Company's management the general audit approach and scope of proposed audits of the consolidated financial statements of the Company, the objectives, staffing, locations, co-ordination and reliance upon the Company's management in the audit, the overall audit plans, the audit procedures to be used and the timing and estimated budgets of the audits;
- (j) if a review engagement report is requested of the external auditors, review such report before the release of the Company's interim consolidated financial statements;
- (k) discuss with the external auditors any difficulties or disputes that arose with the Company's management during the course of the audit, any restrictions on the scope of activities or access to requested information and the adequacy of the Company's management's responses in correcting audit-related deficiencies;

II. Financial Disclosure

- (a) review with the external auditors and the Company's management:
 - i. the Company's audited consolidated financial statements and the notes and Managements' Discussion and Analysis relating to such consolidated financial statements, the annual report, the annual information form, the financial information of the Company contained in any prospectus or information circular or other disclosure documents or regulatory filings, or any other disclosures relating to financial information of the Company, the recommendations for approval of these documents from the CEO and CFO of the Company and based on such recommendations provide, where applicable, its own recommendations to the Board for their approval and release to the public;
 - ii. the Company's interim consolidated financial statements and the notes and Managements' Discussion and Analysis relating to such consolidated financial statements and any other disclosures relating to financial information, the recommendations for approval of these documents from the CEO and CFO of the Company and based on such recommendations provide, where applicable, its own recommendations to the Board for their approval and release to the public;

- iii. the quality, appropriateness and acceptability of the Company's accounting principles and practices used in its financial reporting, changes in the Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by the Company's management to new transactions or events;
 - iv. all significant financial reporting issues and judgments made in connection with the preparation of the Company's consolidated financial statements, including the effects of alternative methods in respect of any matter considered significant by the external auditor within generally accepted accounting principles on the consolidated financial statements;
 - v. the effect of regulatory and accounting initiatives on the Company's consolidated financial statements and other financial disclosures;
 - vi. any reserves, accruals, provisions or estimates that may have a significant effect upon the consolidated financial statements of the Company;
 - vii. the use of special purpose entities and the business purpose and economic effect of off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Company and their impact on the reported financial results of the Company;
 - viii. any legal matter, claim or contingency that could have a significant impact on the consolidated financial statements, the Company's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company's consolidated financial statements;
 - ix. any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the CEO and CFO during their certification process in documents filed with applicable securities regulators;
 - x. review the treatment for financial reporting purposes of any significant transactions that are not a normal part of the Company's operations;
 - xi. the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles;
- (b) review and resolve disagreements between the Company's management and its external auditors regarding financial reporting or the application of any accounting principles or practices;
 - (c) receive from the CEO and the CFO of the Company a certificate certifying in respect of each annual and interim report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws;
 - (d) review and discuss with management the Company's guidelines and policies with respect to risk assessment and the Company's major financial and business risk exposures and the steps taken to monitor and control such exposures;

- (e) review earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Company gives earning guidance (if applicable);
- (f) receive quarterly a report from the Company's internal auditor (if applicable).

III. Insurance

- (a) review periodically insurance programs relating to the Company and its investments;

IV. Internal Audit

- (a) review periodically management's decision related to the need, scope and sourcing for an internal audit function.

V. Internal Controls

- (a) review the adequacy and effectiveness of the Company's internal accounting and financial controls based on recommendations from the Company's management and the external auditors for the improvement of accounting practices and internal controls;
- (b) oversee compliance with internal controls and the Code of Business Conduct, particularly as it relates to financial reporting;
- (c) review and approve the expense accounts of the Chairman of the Board. This function may be delegated to the chair of the Committee.

VI. Compliance

- review with the Company's Chief Financial Officer, other members of management and the external auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies;
- review with the Company's external legal counsel matters that may have a material impact on the financial statements or accounting policies;
- establish procedures for:
 - i. the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;
 - ii. the confidential, anonymous submission by employees of the Company with concerns regarding any accounting or auditing matters.

VII. Other Items

- (a) on an annual basis review and assess Committee member attendance and performance and report thereon to the Board and review this Charter and, if required implement amendments to this Charter;
- (b) review, as required, any claims of indemnification pursuant to the by-laws of the Company;
- (c) on a quarterly basis review any related party transactions and the development of policies and procedures related to those transactions;
- (d) on an annual basis review compliance with the Disclosure Policy of the Company; and
- (e) on a periodic basis, review reports on the Company's information technology systems that support the financial reporting process.

APPENDIX II

Position Description – Audit Committee Chair

The Chair of the Audit Committee of Melcor Developments Ltd. has the duties and responsibilities described below:

- Provide overall leadership to facilitate the effective functioning of the Committee, including:
 - i. Overseeing the structure, composition, membership and activities delegated to the Committee;
 - ii. Chairing every meeting of the Committee and encouraging free and open discussion at meetings of the Committee;
 - iii. Setting the agenda for Committee meetings with input from Committee members and management as appropriate;
 - iv. Facilitate the timely distribution of meeting materials and minutes;
 - v. encouraging Committee members to ask questions and express viewpoints during meetings; and
 - vi. taking all other reasonable steps to ensure that the responsibilities and duties of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible.

- Foster ethical and responsible decision making by the Committee and its individual members;

- Encourage the Committee to meet in separate, regularly scheduled in camera sessions with the independent auditors, without the presence of management; and

- Following each meeting of the Committee, report to the Board of Directors on the activities, decisions and recommendations of the Committee.