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Date of Information

All information contained in this information circular is dated March 12, 2014 unless otherwise stated.

Other Information

Additional information about Melcor, including our annual information form, information circular and annual and quarterly reports, is available on SEDAR at www.sedar.com.

Forward-looking Statements

In order to provide our investors with an understanding of our 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 Management Information Circular (Circular) and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements represent Melcor's intentions, plans, expectations, and beliefs and are based on our experience and our 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 our strategic initiatives for 2014 and beyond, future development plans and objectives, targets, expectations of the real estate, financing and economic environments, our financial condition or the results of or outlook of our operations.

By their nature, forward-looking statements require assumptions and involve risks and uncertainties related to the business and general economic environment, many beyond our control. There is significant risk that the predictions, forecasts, valuations, conclusions or projections we make will not prove to be accurate and that our actual results will be materially different from targets, expectations, estimates or intentions expressed in forward-looking statements. We caution readers of this document not to place undue reliance on forward-looking statements. Assumptions about the performance of the Canadian and US economies and how this performance will affect Melcor's business are material factors we consider in determining our forward-looking statements. For additional information regarding material risks and assumptions, please see the discussion under "Business Environment & Risks" in our annual MD&A.

Readers 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, we do not undertake to update any forward-looking statement, whether written or oral, made by the company or on its behalf.

Invitation to Shareholders

Dear Fellow Shareholders:

On behalf of Melcor's Board of Directors and our management team, I invite you to attend the 2014 annual general meeting of shareholders. We are pleased to host this event at:

WHERE: Fairmont Hotel Macdonald
Empire Ballroom
10065 – 100 Street NW
Edmonton, Alberta

WHEN: Thursday, April 24, 2014
11:00 AM MDT

At the meeting, our management team will review Melcor's 2013 operating and financial performance, as well as our plans for the remainder of 2014. You will have an opportunity to meet members of our management team and Board of Directors to discuss items of interest to you.

The business items to be dealt with are described in this notice of meeting and management information circular.

We are enclosing the Annual Report with the management information circular and related proxy materials. Additional documentation and information concerning Melcor is available on our website at www.melcor.ca.

If you are unable to attend the annual general meeting in person, or if you hold your shares in the name of a nominee, such as a brokerage firm, I encourage you to vote in advance by any of the means available to you, as described on page 6 of this information circular.

I look forward to seeing you at the AGM.

Sincerely,



Brian D. Baker
President & Chief Executive Officer

Notice of Annual General Meeting of Shareholders of Melcor Developments Ltd.

WHERE: Fairmont Hotel Macdonald
Empire Ballroom
10065 – 100 Street NW
Edmonton, Alberta

WHEN: Thursday, April 24, 2014
11:00 AM MDT

This meeting will be held to:

1. **Receive** Melcor's consolidated financial statements for the fiscal year ended December 31, 2013 and the auditor's report on those statements;
2. **Fix** the number of members of the Board of Directors to be elected to eight (8);
3. **Elect** nominees to the Board of Directors of Melcor;
4. **Appoint** PricewaterhouseCoopers LLP, Chartered Accountants, as Melcor's auditors for the ensuing year at a remuneration to be fixed by the Board of Directors;
5. **Transact** any other business properly brought before the meeting, or any adjournment thereof.

Please read through the Information Circular accompanying this Notice of Meeting for more detailed information on the matters that will be considered and voted on at the meeting.

Please follow the instructions for completing and returning the enclosed form of proxy whether you plan to attend the meeting in person or not. For your vote to be recorded, it must be received by our transfer agent, Valiant Trust Company, no later than 11:00 a.m. Mountain Daylight Time on April 22, 2014.

Shareholders as at March 13, 2014 will be entitled to vote at the meeting. If you acquired your shares after this time and wish to vote them at the meeting, please refer to the instructions on page 5, "What if I acquired my shares after March 13, 2014?"

Dated as of the 12th day of March 2014.

BY ORDER OF THE BOARD OF DIRECTORS



Jonathan W. Chia CA
Chief Financial Officer and Corporate Secretary
Melcor Developments Ltd.

General Information

Meeting

This management information circular ("Circular") provides shareholders with information to help make voting decisions at the Melcor Developments Ltd. ("Melcor") Annual General Meeting of Shareholders ("AGM") to be held on April 24, 2014.

Mailing of Circular

This circular, a proxy and Melcor's 2013 annual report will be mailed to shareholders by March 21, 2014 at Melcor's expense. The 2013 annual report is being mailed to:

- all Registered Shareholders, except those who asked not to receive it; and
- non-objecting beneficial shareholders who requested a copy

The annual material is also available electronically at: www.melcor.ca/2014

Melcor will provide proxy materials to brokers, custodians, nominees and fiduciaries (the Intermediaries) and request that the materials be forwarded promptly to non-objecting beneficial shareholders. We do not intend to pay for Intermediaries to forward proxy-related materials to objecting beneficial owners.

Registered and Beneficial Shareholders

You are a Registered Shareholder if your shares are held in your name and you have a share certificate.

You are a Beneficial Shareholder if your shares are held in the name of a nominee such as a bank, trust company, securities broker, trustee or other institution.

All references to shareholders in this circular and the accompanying Notice of Meeting and form of proxy are to shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to a Registered Shareholder who produces proof of their identity.

Annual Report and Interim Reports

If you are a Registered Shareholder and you:

- (i) do not wish to receive Melcor's annual report next year; or,
- (ii) wish to receive Melcor's interim reports, please fill out and return the card enclosed with this package.

If you are a Beneficial Shareholder, you made an election to receive or not receive company information through your Intermediary.

Melcor's annual report can be accessed at www.melcor.ca or you can request a copy as set out under Additional Information on page 23.

Voting Information

Who is soliciting my proxy?

The enclosed form of proxy is solicited by Melcor's management in order to vote your shares as you instruct at the annual shareholders meeting.

How are proxies solicited?

The solicitation of proxies will be primarily by mail. However, certain Melcor employees may also solicit proxies by telephone or in person. The cost of solicitation will be borne by Melcor.

What will I be voting on?

Shareholders will be voting on:

- Fixing the number of members of the Board of Directors to be elected at the Meeting at eight (8)
- Election of directors
- Appointment of PricewaterhouseCoopers LLP as auditors
- Other business, if any

How will these matters be decided?

A majority of the votes cast, by proxy and in person, will constitute approval of matters at the AGM. For a special

resolution, 66 2/3% of the votes cast will constitute approval.

Who counts the votes?

Proxies will be counted and tabulated by Melcor's transfer agent, Valiant Trust Company.

How can I contact the Transfer Agent?

By Mail: Valiant Trust Company
Shareholder Services
#310, 606 4th Street SW
Calgary, AB T2P 1T1
By Phone: 1-780-441-2267
By Fax: 1-403-233-2857
By Email: inquiries@valianttrust.com

Is my vote confidential?

Melcor's transfer agent maintains the confidentiality of individual shareholder votes. However, proxies will be submitted to management where they contain comments clearly intended for management, in the event of a proxy contest or to meet legal requirements.

How many votes do I have?

You will have one vote for each common share you held at the close of business on March 13, 2014 (the record date). The list of shareholders entitled to vote will be available for inspection after March 13, 2014, during usual business hours, at the offices of Valiant Trust Company, and at the AGM.

What if I acquired my shares after March 13, 2014?

To vote common shares you acquired after the record date, you must, not later than 10 days before the AGM:

- Request that your name be added to the voters' list; and
- Produce properly endorsed share certificates or otherwise establish that you own the common shares

How will my proxy be voted?

On your form of proxy, you may indicate how you wish your proxyholder to vote your common shares. Where you have specified a choice with respect to any matter to be acted upon, your common shares will be voted in accordance with the choice you have made.

If you have not specified a choice, your common shares will be voted:

- **FOR** the fixing of the number of members of the Board of Directors to be elected at the Meeting at eight (8);
- **FOR** the election of each of the proposed nominees as Directors; and
- **FOR** the appointment of PricewaterhouseCoopers LLP as auditors and authorize the Directors to fix their remuneration.

How many shares are entitled to vote?

Melcor has an authorized capital consisting of an unlimited number of common shares without nominal or par value of which 30,739,708 common shares are issued and outstanding as of the close of business on March 12, 2014.

How do I vote?

See "Voting Instructions", page 6.

What is quorum for the AGM?

Melcor's bylaws provide that a quorum for the transaction of business at any meeting of shareholders shall be at least two (2) persons present in person, each being a shareholder entitled to vote or their appointed proxy, and representing in the aggregate no less than five (5%) percent of Melcor's outstanding common shares carrying voting rights.

What if there are amendments or if other matters are brought before the AGM?

The enclosed form of proxy gives the persons named on it authority to use their discretion in voting on amendments or variations to matters identified in the Notice of Meeting.

If, however, other matters properly come before the AGM, the persons named on the enclosed form of proxy will vote them in accordance with their judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

As of the time of printing of this Circular, management is not aware of any other matter to be presented for action at the AGM.

Are there any principal shareholders?

Based on public filings, as of March 12, 2014, the following people beneficially own, directly or indirectly, or exercise control or direction over more than ten

percent (10%) of the issued and outstanding common shares of Melcor.

Name of Shareholder	Number of Common Shares Beneficially Owned	% of Outstanding Common Shares Beneficially Owned or Controlled
Melton Holdings Ltd.	14,607,850	47.52%

1. Mr. Timothy C. Melton and Mr. Andrew J. Melton together control more than 50% of the voting shares of Melton Holdings Ltd.

To the knowledge of the Melcor's directors and executive officers, no other person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of the common shares.

Voting Instructions

Registered Shareholders

You are a "Registered Shareholder" if your shares are held in your name and you have a share certificate.

Voting Options

- In person at the AGM (see below)
- By proxy (see below)
- By fax (refer to the enclosed proxy for instructions)
- By internet (refer to the enclosed proxy for instructions)

Voting in Person

If you plan to attend the AGM and wish to vote your shares in person, don't complete or return the enclosed proxy. Your vote will be taken and counted at the AGM. Please register with the transfer agent, Valiant Trust Company, when you arrive at the AGM.

Voting by Proxy

Whether or not you attend the AGM, you can appoint someone else to attend and vote as your proxyholder. You can use the enclosed proxy or any other proper form of proxy to do this. The persons named in the enclosed proxy are directors or officers. **You can also choose another person to be your proxyholder by printing that person's name in the space provided.** Then complete the rest of the proxy, sign it and return it. Your votes can only be counted if the person you appointed attends the AGM and votes on your behalf. If you have voted by proxy, you may not vote in person at the meeting, unless you revoke your proxy.

Return your completed proxy in the envelope provided and mail it to Valiant Trust Company or fax it to 780-441-2247 so that it arrives by 11:00 AM (MDT) on April 22, 2014 or, if the AGM is adjourned, at least 48 hours (excluding weekends and holidays) before the time set for the AGM to resume.

Revoking Your Proxy

You may revoke your proxy at any time before it is acted on. You can do this by delivering a written statement that you want to revoke your proxy to Melcor's registered office: 900, 10310 Jasper Avenue, Edmonton, Alberta T5J 1Y8, not later than forty-eight (48) hours (excluding weekends and holidays) before the time set for the AGM, or any adjournment thereof, or to the Chairman of the AGM on April 24, 2014 prior to the start of the AGM, or any adjournment thereof. You may also revoke your proxy by delivering a properly executed proxy of later date or in any other manner permitted by law, by 11:00 AM (MDT) April 22, 2014 to Valiant Trust Company.

Non-registered (Beneficial) Shareholders

You are a "Beneficial Shareholder" if your shares are held in the name of a nominee. That is, your certificate was deposited with a bank, trust company, securities broker, trustee or other institution (the "Intermediary").

Voting Options

- In person at the AGM (see below)
- By voting instructions, including naming a proxy (see below)
- By telephone (refer to the enclosed proxy for instructions)
- By internet (refer to the enclosed proxy for instructions)

Voting in Person

If you plan to attend the AGM and wish to vote your shares in person, insert your own name in the space provided on the enclosed voting instruction form. Then follow the signing and return instructions provided by your Intermediary. Your vote will be taken and counted at the AGM so don't complete the voting instructions on the form. Please register with the transfer agent, Valiant Trust Company, when you arrive at the meeting.

Voting by Proxy

Whether or not you attend the AGM, you can appoint someone else to attend and vote as your proxyholder. Use the enclosed voting instruction form to do this. The persons named in the enclosed voting instruction form are directors and officers. **You can also choose another person to be your proxyholder by printing that person's name in the space provided.** Then complete the rest of the voting instruction form, sign it and return it. Your vote can only be counted if the person you appointed attends the AGM and votes on your behalf. If you have sent in your voting instruction form, you may not vote again at the meeting unless you revoke your instructions.

Return your completed voting form as per the instructions on the form so that it arrives by 11:00 AM (MDT) on April 22, 2014 or, if the AGM is adjourned at

least 48 hours (excluding weekends and holidays) before the time set for the meeting to resume.

Revoking Voting Instructions

Follow the procedures provided by your nominee. Your nominee must receive your request to revoke the instructions prior to 11:00 AM (MDT) on April 22, 2014. This will give your nominee time to submit the revocation to us.

A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use such proxy to vote his or her shares directly at the AGM. The proxy must be returned to Broadridge well in advance of the AGM in order to have the shares voted at the meeting.

Business to be Conducted at the AGM

To the knowledge of Melcor's directors, the only matters to be brought before the AGM are those matters set forth in the accompanying Notice of Meeting.

IN THE ABSENCE OF INSTRUCTIONS MADE ON A PROXY, IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE APPROVAL OF ALL THE MATTERS REFERRED TO IN THE NOTICE OF MEETING AND AS OUTLINED BELOW.

1. Presentation of Consolidated Financial Statements

Melcor's audited consolidated financial statements for the year ended December 31, 2013 will be placed before the shareholders for their consideration. These audited consolidated financial statements have been reviewed and recommended for approval by the Audit Committee and approved by the full Board of Directors. A copy of the audited consolidated financial statements is available on our website at www.melcor.ca.

Shareholders are not required to vote on these audited consolidated financial statements.

2. Fixing the Number of Directors

It is proposed that the Board of Directors shall consist of eight (8) members for the coming year. Management intends to place before the AGM, for approval, with or without modification, a resolution fixing the Board of Directors at eight (8) members for the ensuing year. The number of nominees presented by management at the meeting will be eight (8) nominees.

3. Election of Directors

It is proposed that the persons named on pages 9-10 will be nominated at the AGM to serve as directors. The Board of Directors and management of Melcor believe the nominees are well qualified to serve as directors. All nominees have confirmed their eligibility and willingness to serve. If for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his proxy that the common shares are to be withheld from voting in the election of directors.

Each elected director will hold office until the next annual meeting of the shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with Melcor's bylaws.

Melcor has a majority voting policy for the election of directors. Any nominee in an uncontested election who receives more withhold votes than votes in his or her favour shall be considered to not have received the support of shareholders.

Such nominee is expected to immediately tender his or her resignation to the Board of Directors.

The majority voting policy does not apply to a contested election where the number of nominees exceeds the number of directors to be elected.

Nominees for election to the board must agree to the policy before their names are recommended for election to shareholders.

In the event any director fails to tender his or her resignation in accordance with the policy, the Board will not renominate the director.

4. *Appointment of Auditors*

At the AGM, shareholders will be asked to appoint PricewaterhouseCoopers LLP, Chartered Accountants (“PWC”), as Melcor’s auditors until the next meeting of shareholders and to authorize the board to fix the auditors remuneration. PWC and its predecessor companies have been Melcor’s auditors since the company became public in 1968.

The appointment of the auditors will be effected by an ordinary resolution requiring the approval of more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the AGM. It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies **FOR** the appointment of PWC as auditors.

Information regarding Melcor’s Audit Committee (required in accordance with National Instrument 52-110 – “*Audit Committees*”) is contained in Melcor’s annual information form dated March 12, 2014, under the heading “Audit Committee,” and a copy of the Terms of Reference of the Audit Committee is attached to the annual information form as Schedule “A.” Melcor’s annual information form is available on SEDAR at www.sedar.com.

5. *Other Business*

Management does not intend to present any other business at the AGM and we are not aware of amendments to proposed matters or any other matters calling for your action.

Interest of Certain Persons In Matters To Be Acted Upon

Other than as set forth in this Circular, none of Melcor’s directors or senior officers, nor any person who has held such a position since the beginning of Melcor’s most recently completed financial year, nor any proposed nominee for election as a director, has any material interest, direct or indirect by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the AGM other than the election of directors.

Nominees for Election to the Board of Directors



Gordon J. Clanachan, FCA, ICD.D
Edmonton, Alberta, Canada

Independent

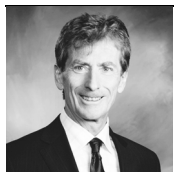
Principal Occupation.....Corporate Director & Consultant
Director Since 2009
2013 Attendance 100%
2013 Director Compensation..... \$46,500
Common Shareholdings..... 7,000
CommitteesAudit (Chair)



Ross A. Grieve
Edmonton, Alberta, Canada

Independent

Principal Occupation..... Chairman,
..... PCL Construction Holdings Ltd.
Director Since 2003
2013 Attendance 100%
2013 Director Compensation..... \$35,000
Common Shareholdings..... 78,000
CommitteesCompensation & Governance



Andrew J. Melton
Calgary, Alberta, Canada

Related

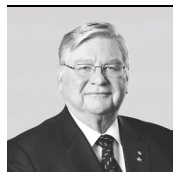
Principal Occupation..... Chairman, Melcor REIT
Director Since 1985
2013 Attendance 100%
2013 Director Compensation..... \$nil
Common Shareholdings..... 133,600¹
Committeesnone



Timothy C. Melton
Edmonton, Alberta, Canada

Related

Principal Occupation..... Executive Chairman, Melcor
Director Since 1973
2013 Attendance 100%
2013 Director Compensation \$nil
Common Shareholdings 1,772,660¹
Committeesnone



Eric P. Newell
Edmonton, Alberta, Canada

Independent

Principal Occupation.....Corporate Director
Director Since NEW NOMINEE



Catherine M. Roozen
Edmonton, Alberta, Canada

Independent

Principal Occupation..... Director & Secretary,
..... Cathton Investments Ltd.
Director Since 2007
2013 Attendance 100%
2013 Director Compensation \$36,500
Common Shareholdings 125,600
Committees Audit

¹ Mr. Timothy C. Melton and Mr. Andrew J. Melton together control more than 50% of the voting shares of Melton Holdings Ltd., which owns 14,607,850 common shares.



Allan E. Scott
Edmonton, Alberta, Canada

Independent (Lead Director¹)

Principal Occupation.....Corporate Director
Director Since 2007
2013 Attendance 100%
2013 Director Compensation..... \$40,000
Common Shareholdings..... 3,000
Committees Governance & Compensation (Chair)

1 Mr. Allan E. Scott was appointed Lead Director on March 12, 2014.



Ralph B. Young
Edmonton, Alberta, Canada

Related (Former CEO – Retired)

Principal Occupation.....Chancellor, University of Alberta
Director Since 1976
2013 Attendance 100%
2013 Director Compensation..... \$nil
Common Shareholdings..... 1,430,966
Committees none

NOTE: The term of office for each proposed director expires on the date of the next annual general meeting of shareholders.

No directors or proposed directors have been a director or officer of a company that was subject to an order, became bankrupt or was subject to penalties or sanctions.

The following Melcor directors are also directors of other reporting issuers:

Director	Reporting Issuer	Exchanges
Andrew Melton	Melcor REIT	TSX
Catherine Roozen	Corus Entertainment	TSX, NYSE
Ralph Young	ZCL Composites Inc. Melcor REIT	TSX

Compensation Discussion & Analysis

Compensation matters are managed by the Corporate Governance & Compensation Committee (CGCC), which is composed of Mr. Allan E. Scott, Mr. William D. Grace and Mr. Ross A. Grieve. The mandate of the CGCC is to review and make recommendations to the Board concerning the appointment, hiring, compensation, performance evaluation, and succession planning of Melcor's senior executive officers. The Board is confident that each of the CGCC members possesses the necessary skills and experience to make decisions on the suitability of Melcor's compensation policies and practices.

Skills and Experience of CGCC Members

Committee Member	Relevant Education & Experience
Allan E. Scott - Chair <i>Independent</i>	Mr. Scott is a graduate of the University of Alberta and holds an MBA from York University. Mr. Scott brings a broad range of executive experience from both the public and private sector. During his business career, he served as President & CEO of Edmonton Economic Development Corporation and as President & COO of Telus Communications. Mr. Scott has significant experience in compensation matters. He served on the Compensation Committee of Associated Engineering for ten years. In his various executive capacities, Mr. Scott has been responsible for directing compensation policy for several organizations ranging from 50 to 10,000 employees.
William D. Grace <i>Independent</i>	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 PriceWaterhouse. Mr. Grace is a past president of both the Alberta and Canadian Institute of Chartered Accountants. During his business career, he has served as a director of several Canadian corporations where he has been extensively engaged in compensation policies and human resource matters.
Ross A. Grieve <i>Independent</i>	Mr. Grieve is a graduate of the University of Manitoba with a degree in civil engineering. He is the Chairman of the board for PCL Construction Holdings Ltd. Mr. Grieve served as President & CEO of PCL from 1997 to 2009 and was recognized as Canada's Outstanding CEO of the Year in 2009. In his professional career, Mr. Grieve has been engaged in numerous compensation evaluation and policy decisions.

The CGCC reviews compensation and benefits for the Executive Chairman, Executive Vice-Chair, the CEO and Melcor's senior executive officers and certain key employees and provides recommendations to the Board of Directors. The CGCC receives data on market salary

levels from Melcor and from third-party compensation surveys.

Executive Compensation Philosophy and Strategy

Melcor's compensation philosophy is designed to attract and retain talent, motivate employees to achieve individual and corporate goals, and align the interests of management with those of the shareholders.

The overall objectives of Melcor's executive compensation program are to:

- attract qualified executives who demonstrate exceptional leadership and management skills;
- motivate and retain the services of outstanding individuals who will contribute to long-term success through a performance-based incentive program;
- align the interests of executive management with corporate objectives and the creation of shareholder value;
- reward performance based on realized value;
- ensure a significant portion of compensation is at risk and directly linked to Melcor's success.

Melcor aims to provide competitive compensation compared to other companies of similar size (based on revenue and earnings) and in similar markets (based on industry and geographic region).

In analyzing compensation levels, Melcor uses a salary and compensation survey designed to provide real estate companies, including REITs, publicly traded and large private companies with competitive compensation levels and current information regarding the design, features, and administration of compensation programs.

Most full-time permanent positions, including senior management were evaluated against the survey, which takes into account base salary and annual incentive award values as well as long-term incentives. Alberta-specific data is used wherever possible. The target is to be within 20% of market median for total compensation based on individual performance.

The annual review against salary survey data will be supplemented with compensation consultants for specific positions that require additional information to achieve a proper comparison of actual duties and responsibilities.

No compensation consultants were used in 2013.

Total Compensation Components

The following table describes the components of Melcor's total executive compensation package:

	Form	Period	Purpose
Base Salary	Cash	1 year	<ul style="list-style-type: none"> Provides fixed compensation for day-to-day activities Considers market conditions and individual level of performance and responsibility Used for attraction and retention
Short-term Incentive	Annual Cash Incentive	1 year	<ul style="list-style-type: none"> Provides cash-based reward for achieving corporate and personal performance objectives Used for attraction and retention Considers available incentive pool, corporate & individual performance and market conditions
Long-term Incentive	Share Options	Vest over 3 years	<ul style="list-style-type: none"> Provides equity-based reward to stimulate the creation of shareholder value and align management interests with those of shareholders Used for attraction and retention
Employee Share Purchase Plan	Share Purchase with Match		<ul style="list-style-type: none"> Stimulate the creation of shareholder value and align management interests with those of shareholders Available to all employees
Group Retirement Savings Plan	Savings		<ul style="list-style-type: none"> Encourage employees to take responsibility for retirement planning. Available to all employees
Benefits			<ul style="list-style-type: none"> Promote general wellness and preventative care Medical and dental insurance, group life and accidental death and dismemberment insurance, short-term disability Available to all employees
Perquisites			<ul style="list-style-type: none"> Annual car allowance and parking subsidization

Base Salary

The base salaries for the Executive Chairman, Executive Vice-Chair, the CEO and the CFO (together, the "Executive Officers") are set by the Board based on the recommendation of the CGCC and are targeted to reflect market conditions. The base salaries of other senior executives are reviewed and approved by the CGCC on the recommendation of the CEO.

Actual salary levels are based on a number of factors, including the individual's performance, responsibilities

and experience, the contribution of each Executive Officer and a review of salary data for similar positions in similar companies. Salaries, benefits and perquisites are generally reviewed annually and adjustments are made when determined appropriate.

Short-Term Incentive

All Named Executive Officers ("NEO") are eligible for annual cash incentives tied to the achievement of Melcor's financial, operational and strategic objectives and the executive's personal performance.

The amount available for annual cash incentives comes from the incentive pool, which is based on annual pre-tax earnings less fair value gains plus any gains on the sale of assets. Opening equity is reduced by a certain percentage set by the board annually to ensure minimum returns on equity are achieved (see formula below). We believe this method of arriving at the incentive pool is appropriate for determining executive compensation as it reflects overall earnings performance. As such, NEOs and other senior executives are accountable for revenue growth and operating efficiency.

Incentive Formula for Executive Officers

The annual cash incentive for the Executive Officers is based on the following earnings-based formula ("Incentive Formula"), which reflects our philosophy of incentivizing based on cash events that monetize asset value (removing IFRS fair value gains or losses and adding back realized gains or losses):

Short-term Incentive Formula	
	Pre-tax earnings
-	Fair value gains ¹
+	Gains on sale of investment property assets based on initial cost ¹
-/+	Adjustments for REIT ownership ⁴
-	4.76% of opening equity ²
=	Pre-tax earnings for annual cash incentive calculation (Incentive Pool)
×	Executive Factor ³

Notes:

- Adjustment to pre-tax earnings related to fair value and gains/losses on the sale of investment properties is to ensure the cash incentive is based upon realized gains/losses on assets. For 2013, this amount excluded the gain on the sale of assets to Melcor REIT. These were calculated separately as discussed below.
- Opening equity adjustment to pre-tax earnings establishes a minimum return on equity before the cash incentive begins to accrue.

3. Executive Factor is a percentage set annually by the Board for each Executive Officer. In determining the Executive Factor, the CGCC considers each Executive Officer's experience, responsibilities, individual performance, and market conditions.
4. Excludes IPO expenses and the non-controlling interest in REIT income and includes management fees.

The percentage reduction of opening equity and the Executive Factor are set annually by the Board on the recommendation of the CGCC based on market conditions and corporate and individual performance. In 2013, the Executive Factor ranged from 0.35% to 1.25%.

Sale of Assets Incentive

In 2013, the sale of the assets to Melcor REIT (REIT Incentive) was calculated separately from the annual cash incentive and was based on the gains on the sale of the assets to the REIT less related costs. A Corporate Factor set by the board was applied to the resulting incentive pool to determine individual awards based on individual performance. The Corporate Factor ranged from 0.25% to 1.00% for NEOs. A discretionary amount was awarded to other senior executives. The REIT Incentive will be paid out over three years.

REIT Incentive Formula	
	Gains on sale of investment property assets based on initial cost ¹
–	IPO costs and subsidies
=	REIT Incentive Pool
×	Corporate Factor ²

Notes:

1. Adjustment related to fair value and gains/losses on the sale of investment properties is to ensure the cash incentive is based upon realized gains/losses on assets.
2. Corporate Factor is a percentage set by the Board for each Executive Officer. In determining the Executive Factor, the CGCC considers each Executive Officer's individual performance in the successful execution of the Melcor REIT IPO.

Other Senior Executives

The annual discretionary cash incentive for other senior executives (i.e. excluding the Executive Officers) is based on each individual's performance combined with overall company performance to encourage all employees to contribute to Melcor's overall success. The discretionary incentives come from the Incentive Pool described above.

The purpose of the discretionary incentive is to:

- Reward individuals for creating value in the current year that may not be realized on financial statements for several years (reflecting the longer earnings cycle of real estate companies);

- Tailor payment amounts based on individual performance; and
- Determine amounts that directly correlate to Melcor's financial results.

The discretionary incentive for each senior executive is reviewed and approved by the CGCC on the recommendation of the CEO.

Long-Term Incentive (Equity Based)

Long-term incentives are provided through Melcor's Share Option Plans (see "*Share Option Plans*").

Performance in the context of long-term incentives is based on the employee's position and their contribution to Melcor's success. The long-term incentive program is designed to align the interests of Melcor's executives with those of shareholders and to encourage employee share ownership. The plan is also designed to retain the services of key employees and to represent a significant portion of their overall, long-term compensation package.

The Board of Directors approves annual grants of share options on the recommendation of the CGCC after review and recommendations from the CEO, which include considerations of the employee's individual performance and previous share option grants.

Other Compensation & Employment Benefits

All staff, including the executive team, are eligible to participate in Melcor's Employee Share Purchase Plan (ESPP). Under this plan, Melcor matches employee contributions at 50% per month up to a maximum of \$1,800 per year. No treasury shares are issued for ESPP.

Melcor's benefit package is generally available to all full-time permanent staff and includes medical, dental, disability and life insurance coverage to promote general wellness and preventative care. Parking or transit and automobile subsidies are also provided to some employees based on job requirements.

Assessment of Risk Associated with Melcor's Compensation Policies and Practices

The Board understands Melcor's compensation practices and policies and reviews them annually. The Board ensures during its review that total compensation is directly tied to Melcor's success for all executive level roles. This reduces the overall risk of Melcor's compensation policies and practices by ensuring incentive plans and payments are in line with our overall financial health and profitability.

Compensation Decision-Making Process

Executive Officers

The following items are considered by the CGCC as part of the compensation decision-making process:

- 2013 financial results
- Any variation between fiscal targets and actual results
- Cash incentive related to 2013 based on Incentive Formula
- The Executive Officer's individual performance
- The Executive Officer's base salary for current year

The CGCC may recommend an additional discretionary incentive amount based on market conditions and individual performance.

While achieving the annual fiscal targets is a primary consideration in the CGCC's determination of the Executive Officers' incentive based compensation, the CGCC is of the view that strict adherence to formulas for the determination of compensation may result in unintended, counterproductive consequences.

Accordingly, the CGCC exercises its own judgment and discretion in assessing each executive's performance.

The CGCC recommends the base salary for the current year along with short- and long-term incentive based compensation for the prior year for each Executive Officer to the Board for approval.

The CGCC also recommends to the Board, for approval, the opening equity adjustment and Executive Factor to be used in the Incentive Formula for the current fiscal year.

Other Senior Executives

The CEO presents recommendations to the CGCC for annual cash incentives to be paid to Melcor's other senior executives. In assessing the proposed amounts, the CGCC evaluates overall financial results and the performance of each senior executive in their respective roles. The CGCC also compares the proposed incentive to amounts paid to each senior executive in the previous year. In carrying out these functions, the CGCC takes into account both company and individual performance.

The CGCC approves the incentive based compensation (both short- and long-term) for senior executives.

Compensation Consultants

To assist with assessing the various elements of compensation, the CGCC may retain special legal, accounting, financial or other consultants, including

executive search firms and/or compensation consulting firms, to provide advice at Melcor's expense.

Melcor intends to continue to use salary surveys, supplemented with compensation consultants where necessary to ensure that compensation levels remain competitive.

No compensation consultants have been used in the past three years.

Summary Compensation for Named Executive Officers

Compensation for the chief executive officer, chief financial officer, and the next three most highly compensated executive officers (named executive officers or NEOs) is summarized in the following table:

Name and Principal Position	Year	Base salary	Annual cash incentive ⁷	Sale of assets incentive ⁷	Option-based awards ²	All other compensation ³	Total compensation
Ralph B. Young⁶ CEO (Retired)	2013	180,000	332,896	600,000	Nil	6,959	1,119,855
	2012	300,000	485,950	-	Nil	10,461	796,411
	2011	380,000	1,150,724	-	69,600	9,624	1,609,948
Brian D. Baker⁵ President and CEO	2013	300,000	832,239	762,485	38,100	15,578	1,948,402
	2012	264,583	485,950	-	Nil	15,301	765,834
	2011	215,000	350,000	-	311,000	12,776	888,776
Jonathan W. Chia⁴ CFO	2013	200,000	233,027	275,000	30,480	14,806	753,313
	2012	170,000	150,000	-	Nil	13,201	333,201
	2011	142,323	100,000	-	197,100	8,458	447,881
Timothy C. Melton Executive Chairman	2013	280,000	665,792	762,485	38,100	9,597	1,755,974
	2012	300,000	485,950	-	Nil	9,435	795,385
	2011	320,000	863,043	-	139,200	7,973	1,330,216
Andrew J. Melton Executive Vice-Chairman	2013	200,000	399,475	375,000	38,100	9,943	1,022,518
	2012	180,000	291,570	-	Nil	9,515	481,085
	2011	180,000	287,055	-	149,200	6,778	623,033
Darin Rayburn Executive Vice President, Investment Properties	2013	216,000	300,000	475,000	30,480	15,516	1,036,996
	2012	206,000	255,000	-	Nil	14,801	475,801
	2011	191,667	250,000	-	149,200	10,544	601,411

- 1 The annual cash incentive is accrued in the 2013 financial statements and paid to employees in three instalments in February, April and May 2014. The annual cash incentive includes the Sale of Asset incentive described on page 13, which is paid over three years.
- 2 The fair value of option-based awards granted in the fiscal year noted is calculated using the Black-Scholes model in accordance with International Financial Reporting Standards. Please refer to Melcor's consolidated financial statements (on www.sedar.com) for assumptions and estimates used. Melcor does not have a share-based awards plan.
- 3 Represents payments for car allowances, parking and other fees. Also includes contributions by Melcor under the Registered Retirement Savings Plan that match employee contributions up to \$2,900 annually. The RRSP program is available to all full-time employees.
- 4 Mr. Chia joined Melcor and was appointed Chief Financial Officer on January 24, 2011.
- 5 Mr. Baker was appointed President and Chief Executive Officer effective July 2, 2013. Prior to that, he was appointed President and Chief Operating Officer effective June 1, 2012. Prior to that, he was Executive Vice President and Chief Operating Officer.
- 6 Mr. Young retired as Chief Executive Officer effective July 2, 2013.
- 7 Annual cash incentive relates to normal operations as described by the *Short-term Incentive Formula*, page 12. The Sale of assets incentive rewards the monetization of assets as described by the *REIT Incentive Formula*, page 13 and will be paid out over 3 years.

Fiscal 2013 Compensation Mix

Melcor's "pay-for-performance" compensation philosophy results in a significant portion of each executive's compensation being "at risk", which, combined with long-term equity based incentive plans, provides motivation to Melcor's executives and aligns their interests with the creation of long-term shareholder value. This compensation philosophy ensures that executives have 'skin-in-the-game' and provides superior compensation for superior performance.

The components of each executive's overall compensation vary based on position.

The following table illustrates the executive's total compensation mix for the fiscal year ended December 31, 2013.

Name	Base Salary	Cash Incentive ⁴	Long-Term Incentives ¹	Total ²	% At Risk
Ralph B. Young³	180,000	932,896	134,336	1,247,232	86%
Brian D. Baker	300,000	1,594,724	164,334	2,059,058	85%
Jonathan W. Chia	200,000	508,027	85,700	793,727	75%
Timothy C. Melton	280,000	1,428,277	201,936	1,910,213	85%
Andrew J. Melton	200,000	774,475	333,402	1,307,877	85%
Darin Rayburn	216,000	775,000	112,067	1,103,067	80%

- 1 Long-term incentive represents the value of in-the-money options that vested during fiscal 2013 based on the share price on the vesting date.
- 2 Total assumes that in-the-money options were exercised in the current year.
- 3 Mr. Young retired as Chief Executive Officer effective July 2, 2013.
- 4 Includes Annual cash incentive and Sale of assets incentive as described in *Summary Compensation for NEOs* above.

Pension Plan Benefits

Melcor does not have a pension plan for its NEOs or other employees.

Employment Contracts

There are no contracts, agreements, plans or arrangements to compensate NEOs in the event of termination of employment (whether voluntary, involuntary or constructive), resignation, retirement, change of control, or a change in duties or responsibilities.

Option-Based Awards - Outstanding

Name and principal position	Number of Securities underlying unexercised options	Option-based Awards ^{2, 3}		Value of unexercised in-the-money options ¹
		Option exercise price	Option expiration date	
Ralph B. Young⁵ (Retired CEO)	6,667	12.76	20-Dec-16	48,602
Brian Baker⁴ President & CEO	15,000	10.94	17-Dec-14	136,650
	25,000	13.74	13-Dec-15	157,750
	50,000	16.05	3-Jun-16	200,000
	25,000	12.76	20-Dec-16	182,250
	15,000	19.26	12-Dec-18	11,850
Jon Chia Chief Financial Officer	10,000	14.38	2-Feb-16	56,700
	10,000	12.76	20-Dec-16	72,900
	12,000	19.26	12-Dec-18	9,480
Tim Melton Executive Chairman	18,333	13.74	13-Dec-15	115,681
	26,667	12.76	20-Dec-16	194,402
	15,000	19.26	12-Dec-18	11,850
Andy Melton Executive Vice-Chairman	33,333	13.10	4-Nov-15	231,664
	26,667	12.76	20-Dec-16	194,402
	15,000	19.26	12-Dec-18	11,850
Darin Rayburn Executive Vice President, Investment Properties	15,000	10.94	17-Dec-14	136,650
	25,000	13.74	13-Dec-15	157,750
	25,000	16.05	3-Jun-16	100,000
	15,000	12.76	20-Dec-16	109,350
	12,000	19.26	12-Dec-18	9,480

1 \$20.05, the closing price of Melcor shares on December 31, 2013, was used to calculate the value of the unexercised in-the-money options.

2 All option-based awards are granted with an exercise price equal to the volume weighted average trading price of Melcor's common shares for the 20 trading days prior to the grant date, in accordance with the share option plans.

3 Only option-based awards have been awarded to NEOs. Melcor does not have a share-based awards plan.

4 Mr. Baker was appointed President and Chief Executive Officer effective July 2, 2013. Prior to that, he was appointed President and Chief Operating Officer effective June 1, 2012. Prior to that, he was Executive Vice President and Chief Operating Officer.

5 Mr. Young retired effective July 2, 2013.

Incentive Plan Awards – Value Vested or Earned During 2013

Name	Options-based awards value vested during 2013 ¹	Non-equity plan compensation value earned during 2013
Ralph B. Young	134,336	932,896
Brian D. Baker	164,334	1,594,724
Jonathan W. Chia	85,700	508,027
Timothy C. Melton	201,936	1,428,277
Andrew J. Melton	333,402	774,475
Darin Rayburn	112,067	775,000

1 Option-based awards represents the value of in-the-money options that vested during fiscal 2013 based on the share price on the vesting date.

Director Compensation

As at March 13, 2014, Melcor has 8 directors, including 5 independent directors and 3 executive directors. We define independent directors according to the definition contained in National Instrument 52-110 Section 1.4.

The Corporate Governance and Compensation Committee is responsible for reviewing the adequacy and form of compensation of the directors and the Lead Director to ensure compensation realistically reflects the responsibilities and risks involved with being an effective director.

Director compensation is made up of an annual director retainer, additional retainers for committee chairs and the Lead Director, and meeting fees for each meeting attended.

Director compensation is not paid to directors who are employees of Melcor.

Retainers and Fees

Effective March 14, 2012, director compensation was set as follows:

Component	Amount
Annual Director Retainer	\$20,000 per year
Board & Committee Meeting Fees	\$1,500 per meeting
Lead Director Retainer ¹	\$2,500 per year
Audit Chair Retainer ¹	\$10,000 per year
Compensation & Governance Chair Retainer ¹	\$5,000 per year

1. Paid in addition to annual director retainer and meeting fees.

This fee schedule applies to the *Director Compensation Summary* table below. The Directors do not receive option-based awards, share-based awards, non-equity incentive plan compensation or pension income.

Director Compensation Summary

Director	Annual retainer ¹	Meeting fees	All other compensation	Total
Gordon J. Clanachan	30,000	16,500	-	46,500
William D. Grace	22,500	21,000	-	43,500
Ross A. Grieve	20,000	15,000	-	35,000
Catherine M. Roozen	20,000	16,500	-	36,500
Allan E. Scott	25,000	15,000	-	40,000

1. Includes lead director and committee chair retainers.

Shareholdings of Independent Directors

Director	Number	Value ¹
Gordon J. Clanachan	7,000	140,350
William D. Grace	16,000	320,800
Ross A. Grieve	78,000	1,563,900
Catherine M. Roozen	125,600	2,518,280
Allan E. Scott	3,000	60,150

1. Based on closing price of Melcor shares on December 31, 2013 (\$20.05).

Retainers and Fees Effective July 1, 2014

Effective July 1, 2014, director compensation will be as follows:

Component	Amount
Annual Director Retainer	\$24,000 per year
Board & Committee Meeting Fees	\$1,500 per meeting
Lead Director Retainer ¹	\$3,000 per year
Audit Chair Retainer ¹	\$12,000 per year
Compensation & Governance Chair Retainer ¹	\$6,000 per year

1. Paid in addition to annual director retainer and meeting fees.

Share Option Plans

2000 Share Option Plan

A share option plan was approved by the Board on September 28, 2000 (the "Plan") and approved by the shareholders at the Company's annual general meeting on May 17, 2001. Amendments to this plan were approved by the shareholders at the Company's general and special meeting on April 19, 2007. The purpose of the Plan was to assist the Company to attract, retain and motivate full-time employees of the Company by permitting those persons to participate in the growth and development of the Company through the acquisition of Common Shares. All full time employees and consultants are eligible to participate in the Plan.

The Plan initially provided for 3,000,000 Common Shares of the Company to be reserved for granting of options pursuant to the Plan. The aggregate number of shares issuable pursuant to options under the Plan is subject to adjustment in accordance with Section 10 of the Plan. The price payable upon the exercise of any option is set at the time of the grant, subject to regulatory requirements. The option price could not be less than the market price of the shares defined as the weighted average trading price on the TSX for the 20 consecutive days during which Common Shares were traded on the TSX immediately prior to the granting of the option. The Plan restricts the granting of options to any one person or Insider, within a one year period, to 5% of the outstanding Common Shares and restricts the granting of options to all insiders to 10% of the outstanding Common Shares. The Plan does not allow for any financial assistance by the Company to an Optionee to exercise options.

The termination of employment of an Optionee for cause by the Company, shall extinguish as of the date of termination of employment all right or entitlement of the Optionee to exercise any option that may be otherwise outstanding on that date. Upon the termination of employment of an Optionee without cause by the Company including death or permanent disability, the options shall remain exercisable for 6 months following the termination date to the extent that the Optionee was entitled to exercise the option on the termination date. Upon termination of employment of an Optionee due to retirement or resignation, the option shall remain exercisable for 60 days following the termination date to the extent that the Optionee was entitled to exercise the option on the termination date.

The Plan may be amended by the Board at any time, subject to applicable law (including, without limitation, the rules, regulations and policies of The Toronto Stock Exchange), if any, that requires the approval of shareholders or any governmental or regulatory body. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the Plan without seeking shareholder approval:

- a) amendments of a "housekeeping" nature;
- b) amendments necessary to comply with the provisions of applicable law or regulation;
- c) a change to the vesting provisions of a security or the Plan;
- d) a change to the termination provisions of an option or the Plan which does not entail an extension beyond the original expiry date;
- e) amendments respecting administration of the Plan;
- f) the addition, removal or modification of a cashless exercise feature, payable in cash or Common Shares, provided that there is a full deduction of the number of underlying common shares from the Plan reserve;
- g) amendments necessary to suspend or terminate the Plan; and
- h) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of The Toronto Stock Exchange).

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

- i) amendments to the number of Common Shares issuable under the Plan, including an increase to a fixed maximum number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;
- ii) any amendment which reduces the exercise price or purchase price of an option held by an insider;
- iii) any amendment extending the term of an option beyond its original expiry date except as otherwise permitted by the Plan;
- iv) the adoption of any option exchange involving the cancellation and re-issuance of options;
- v) any amendment expanding participants to include non-employee directors; and

- vi) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of The Toronto Stock Exchange).
- vii) To the extent of any conflict between subsections a) to h) and subsections i) to vi) above, the latter shall prevail. The Board may, in its discretion, suspend or terminate, or fix a date for the termination of the Plan. No such termination shall affect any grants previously made which have neither expired nor been terminated.

Although the Board may determine that options shall expire unless exercised on or before the tenth anniversary from the date of grant, the Board will normally use the seventh anniversary from the date of grant as the option expiry date. Options are not assignable. The Company does not have the ability to transform the option into a stock appreciation right involving the issuance of securities from treasury. The right to exercise an option vests in accordance with the limitations as set out in Section 6.4 of the Plan. The vesting period was established by the Board at the time of the grant and was normally over five years. Subject to prior approval, if required, of the TSX, the Board may amend or discontinue the Plan. It has been the intention of the Board since February 23, 2007 to not grant any options from this plan.

2007 Share Option Plan

A new share option plan was approved by the Board on February 23, 2007 (the "2007 Plan") and by the shareholders at the Company's annual general meeting on April 19, 2007. A copy of the 2007 Plan is attached to the Information Circular of the Company filed March 16, 2006 and may be accessed on SEDAR at www.sedar.com. The purpose of the 2007 Plan is to assist the Company and its Subsidiaries to attract, retain and motivate eligible participants of the plan being full-time employees and directors and persons who provide key services to the Company or its Subsidiaries by permitting those persons to participate in the growth and development of the Company through the acquisition of Share options.

The 2007 Plan provides for 3,000,000 Common Shares of the issued and outstanding common shares to be reserved for granting of options. The aggregate number of common shares issuable pursuant to options under the 2007 Plan is subject to adjustment in accordance with Section 8 of the 2007 Plan. The price payable upon the exercise of any Option is set at the time of the grant, subject to regulatory requirements, and shall not be less than Market Price, as such term is defined in the 2007

Plan. The Plan restricts the granting of options to any one person or Insider, within a one-year period, to 5% of the outstanding Common Shares and restricts the granting of options to all insiders to 10% of the outstanding Common Shares.

The terms of the Option shall be a period fixed by the Board, not to exceed the maximum period of time permitted by the TSX. Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, in accordance with limitations as set out in Articles 7 and 9 of the 2007 Plan. The vesting period is established by the Board at the time of the grant. No financial assistance is provided by the Company to Optionees to facilitate the purchase of securities with respect to the 2007 Plan.

If an Optionee ceases to be a director, officer, employee or Service Provider of the Company or a Subsidiary for any reason other than death, including the resignation or retirement and termination of employment by the Company or a Subsidiary, the Option shall remain exercisable for 60 days following the effective date of such notice of resignation or retirement to the extent that the Optionee was entitled to exercise the Option on the termination date. In the event of termination of employment for cause by the Company or a Subsidiary, the Option shall expire and terminate immediately at the time of delivery of notice of termination of employment. In the event of death or Permanent Disability of an Optionee, the Option shall remain exercisable for six months from the date of death or the date of Permanent Disability, subject to such shorter period as may be otherwise specified in a share option agreement. Options are not transferable or assignable unless specifically provided or to the extent, if any, permitted by TSX.

Subject to prior approval, if required, of the TSX, the Board may amend the terms of the 2007 Plan without the consent of the Optionee provided that the amendment will not adversely alter or impair any Option previously granted except as permitted by Article 13.2(c) and the adjustment provisions of Article 8. If the 2007 Plan is terminated, the provisions of the 2007 Plan and any administrative guidelines adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and the Board will remain able to make such amendments to the 2007 Plan or the Options outstanding.

Securities Authorized for Issuance under Share Option Plans

As at the end of Melcor's most recently completed year-end, there were outstanding share options granted to its directors, officers, employees and independent contractors as set out in the following table:

Plan Category ¹ as at December 31, 2013	Number of shares to be issued upon exercise of outstanding options	Weighted average price of outstanding options	Number of shares available for issuance
2000 Share Option Plan	-	\$nil	90,400
2007 Share Option Plan	944,590	\$14.59	1,199,466

1. Melcor does not have equity compensation plans that are not approved by shareholders.

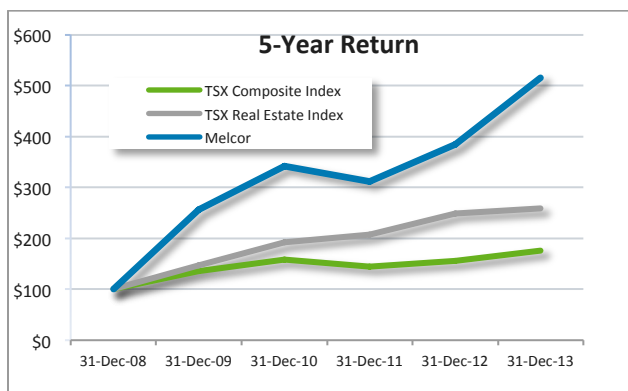
Between December 31, 2013 and March 12, 2014, 11,634 share options were exercised and 3,433 share options were cancelled under the plans.

Performance Graphs

5-Year Performance Graph

The following graph compares total shareholder return for \$100 invested in our common shares at December 31, 2008 (assuming all dividends are reinvested), against the total return of the S&P TSX Composite Index and the TSX Capped Real Estate Index.

Year	TSX Composite Index	TSX Real Estate Index	MRD
31-Dec-08	100	100	100
31-Dec-09	135	147	256
31-Dec-10	159	192	342
31-Dec-11	145	208	312
31-Dec-12	155	249	384
31-Dec-13	176	259	515



10-Year Performance Graph

The following graph compares total shareholder return for \$100 invested in our common shares at December 31, 2003 (assuming all dividends are reinvested, adjusted for the 10-to-1 stock split completed in 2006), against the total return of the S&P TSX Composite Index and the TSX Real Estate Index.

Year	TSX Composite Index	TSX Real Estate Index	MRD
31-Dec-03	100	100	100
31-Dec-04	114	111	110
31-Dec-05	142	134	256
31-Dec-06	167	200	403
31-Dec-07	183	180	444
31-Dec-08	123	106	108
31-Dec-09	166	156	277
31-Dec-10	195	203	370
31-Dec-11	178	220	337
31-Dec-12	191	264	415
31-Dec-13	215	274	556



Interest Of Informed Persons In Material Transactions

No informed person had an interest in a material transaction in 2013.

On February 8, 2011, Melcor completed the issuance and sale of \$40,000,000, 6.25% convertible unsecured subordinated debentures. \$20,000,000 of the convertible debentures were 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 were issued to Cavell Holdings Ltd., which is controlled by Mr. Timothy C. Melton.

Report of the Corporate Governance & Compensation Committee



Allan Scott

William Grace

Ross Grieve

The CGCC is responsible for assisting the Board in ensuring that Melcor's human resources strategies, policies and programs support corporate objectives and create shareholder value, and in measuring Board performance with respect to governance standards.

The primary mandate of the CGCC is to:

- Review the development, implementation and assessment of effective governance principles;
- Oversee the form and adequacy of compensation and benefits provided by Melcor to its senior executives and employees;
- Administer all incentive compensation plans and programs and monitor Melcor's succession plan;
- Considers the composition of the Board and its committees and prepares recommendations for director nominees

The members of the CGCC are three independent directors (Messrs. Scott, Grace and Grieve). Mr. Scott serves as the Chair of the CGCC.

The CGCC held 3 meetings in 2013 and held *in camera* sessions without the presence of Melcor management during each meeting.

CGCC Approval

The CGCC has reviewed and discussed the compensation disclosure in this document, including information in the Board of Directors section, the Executive Compensation section and the Directors' Compensation section with Melcor's management. It has recommended that the disclosure be included in the Management Information Circular.

On behalf of the Corporate Governance and Compensation Committee,



Allan E. Scott (Chair)



William D. Grace



Ross A. Grieve

Statement of Governance Practices

Melcor's Board of Directors and management team recognize that effective corporate governance practices are fundamental to the long-term success of the company. As such, the Board of Directors and management have implemented a series of governance policies and procedures to meet or exceed applicable Canadian stock exchange and regulatory rules. The Corporate Governance and Compensation Committee monitor regulatory changes and best practices and periodically review, evaluate and modify corporate governance processes as necessary. The Board of Directors and management are committed to maintaining a high level of corporate governance.

A description of Melcor's corporate governance practices under National Instrument 58-101, "*Disclosure of Corporate Governance Practices*", is provided in Schedule A.

Additional Information

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

Additional financial information about Melcor is provided in the comparative consolidated financial statements and management's discussion and analysis in the annual report for the year ended December 31, 2013.

Copies of these documents and any other documents incorporated by reference, additional interim financial statements for periods subsequent to December 31, 2013 and additional copies of this Circular 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

By Email: ir@melcor.ca

Board of Directors Approval

Melcor's board of directors has approved the content and the sending of this Management Information Circular to the Shareholders.



Jonathan W. Chia, CA
Chief Financial Officer and Corporate Secretary
Melcor Developments Ltd.

Schedule A | Statement of Corporate Governance Practices

The corporate governance practices described below explain how we are meeting the guidelines of security regulators in Canada, including National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Corporate Governance Guideline	Comments
Board of Directors	
<i>Disclose whether or not a majority of directors are independent.</i>	<p>Five of Melcor's eight directors (63%) are independent. The independent directors are:</p> <ul style="list-style-type: none"> • William D. Grace (Lead Director) • Gordon J. Clanachan • Ross A. Grieve • Catherine M. Roozen • Allan E. Scott
<i>Disclose the identity of directors who are not independent, and describe the basis for that determination.</i>	<p>The following directors are not considered independent as defined in NI 52-110 Section 1.4 <i>Audit Committees</i>:</p> <ul style="list-style-type: none"> • Ralph B. Young – former CEO of Melcor (retired July 2, 2013) • Timothy C. Melton – Executive Chairman of Melcor • Andrew J. Melton – Executive Vice-Chairman of Melcor <p>Messrs. Timothy C. Melton & Andrew J. Melton together control greater than 50% of the voting shares of Melton Holdings Ltd., the controlling shareholder of Melcor Developments Ltd.</p>
<i>If a director is presently a director of any other reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</i>	<p>All directorships with other public entities for each director are disclosed in Melcor's management information circular on page 10.</p>
<i>Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.</i>	<p>The independent directors hold <i>in camera</i> sessions at all Board and committee meetings. The Audit Committee also holds <i>in camera</i> sessions with the external auditors and management.</p> <p>FY2013 In Camera sessions:</p> <p>Board:6 of 6</p> <p>Audit Committee:4 of 4</p> <p>Corporate Governance and Compensation:3 of 3</p> <p>Special Committee:1 of 1</p>
<i>Disclose whether the chair of the Board of Directors is an independent director. If the Board of Directors has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.</i>	<p>The Chairman of the Board of Directors is Mr. Timothy C. Melton who is not an independent director. The Board has appointed Mr. Allan Scott as the Lead Director effective March 12, 2014 as a result of the retirement of Mr. William D. Grace at our upcoming AGM. The role and responsibilities of the Lead Director are as follows:</p> <ul style="list-style-type: none"> • to develop the agenda for the Executive Sessions of the Board as required • to act as a liaison between Melcor's management and the Board where and if required • to chair the meetings of the Board in the absence of the Executive Chairman

Corporate Governance Guideline	Comments
	<ul style="list-style-type: none"> to ensure the Board is carrying out its responsibilities in accordance with: <ul style="list-style-type: none"> (a) good governance practices (b) the constating documents of Melcor, and (c) the approved corporate governance guidelines to consider any other appropriate structures and procedures to ensure that the Board can function independently of management to undertake the lead on any other corporate governance matters that the Board may require or request from time to time

Disclose the attendance record of each director for all meetings of the Board of Directors held since the beginning of the issuer's most recently completed financial year.

Director	Board Meetings	Committee Meetings	% of Total Meetings
Timothy C. Melton	6/6	-	100%
Andrew J. Melton	6/6	-	100%
Gordon J. Clanachan	6/6	5/5	100%
William D. Grace	6/6	8/8	100%
Ross A. Grieve	6/6	4/4	100%
Catherine M. Roozen	6/6	5/5	100%
Allan E. Scott	6/6	4/4	100%
Ralph B. Young	6/6	-	100%

Board of Directors' Mandate

Disclose the text of the Board of Directors' mandate.

The Board has adopted a Mandate (see Appendix A) which, amongst other matters, sets out the Board's principal responsibilities which are:

- adoption of a corporate strategic planning process;
- managing risks and protecting shareholder value;
- succession planning including appointing, developing and monitoring senior management;
- communications policy;
- internal corporate controls and management information systems;
- corporate governance; and
- knowledge and understanding of the business and maintaining high levels of integrity in business conduct.

Position Descriptions

Disclose whether or not the Board of Directors has developed written position descriptions for the chair and the chair of each committee of the Board of Directors.

The Board of Directors has developed written position descriptions for the Executive Chairman, Executive Vice-Chairman, Lead Director and the Chairman of each Board Committee.

See Appendix C: Position Descriptions in this Management Information Circular & Appendix B to the 2013 Annual Information Form, filed on www.sedar.com and incorporated by reference in this Circular.

Disclose whether or not the Board of Directors and CEO have developed a written position description for the CEO.

The Board of Directors has developed and approved a written description for the CEO.

See Appendix C: Position Descriptions

Corporate Governance Guideline	Comments
Orientation & Continuing Education	
<i>Briefly describe what measures the Board of Directors takes to orient new directors regarding:</i>	
(a) <i>the role of the Board of Directors, its committees and its directors</i>	Each director has a 'Director's Manual' that contains a board charter that outlines Melcor's expectations with respect to director behavior, roles and responsibilities. Each Committee has a Charter or Terms of Reference that outlines the specific responsibilities of the Committee.
(b) <i>the nature and operation of the issuer's business.</i>	<p>Arrangements are made for briefing sessions from appropriate senior personnel to help directors better understand Melcor's strategy and business operations.</p> <p>Senior managers and other Melcor employees make frequent presentations at board meetings on a variety of business issues and strategies. In addition, external resources occasionally present at board meetings. Directors also participate on tours from time-to-time with local management. This provides an opportunity to meet with employees and learn more about Melcor's business, development activities and asset holdings.</p>
<i>Briefly describe what measures the Board of Directors takes to provide continuing education for its directors.</i>	<p>Subject to board approval, directors may enroll in professional development courses at Melcor's expense.</p> <p>No directors were enrolled in professional development courses at Melcor's expense in 2013.</p>
Ethical Business Conduct	
<i>Disclose whether or not the Board of Directors has adopted a written code for the directors, officers and employees. If the Board of Directors has adopted a written code:</i>	Melcor has a Business Code of Conduct that is applicable to all directors, officers and employees.
(a) <i>disclose how a person or company may obtain a copy of the code</i>	<p>Melcor's Business Code of Conduct is available on our website at www.melcor.ca and on SEDAR at www.sedar.com.</p> <p>It may also be mailed on request (see "Additional Information", page 23).</p>
(b) <i>describe how the Board of Directors monitors compliance with its code</i>	<p>All new employees are required to read and sign-off on the Code as part of the orientation process.</p> <p>All employees are required to review and confirm compliance with Melcor's policies annually, including the Business Code of Conduct.</p>
(c) <i>provide a cross-reference to any material change report that pertains to any conduct of a director or executive officer that constitutes a departure from the code</i>	The Board has not granted any waiver of the Code of Conduct nor has a material change report been required or filed pertaining to the conduct of a director or executive officer.
<i>Describe any steps the Board of Directors takes to ensure directors exercise independent judgment in considering transactions and</i>	<p>Melcor's Business Code of Conduct outlines the Company's conflict of interest guidelines.</p> <p>If a director has a material interest in a specific topic, they are not permitted to be present when the matter is discussed or voted upon. Care is taken to ensure all</p>

Corporate Governance Guideline	Comments
<i>agreements in respect of which a director or executive officer has a material interest.</i>	director conflicts are documented in the meeting minutes.
<i>Describe any other steps the Board of Directors takes to encourage and promote a culture of ethical business conduct.</i>	Ethical business conduct is a constant focus of the Board. Board members are encouraged to interact with employees and members of the management team. The Board encourages senior management to promote ethical conduct among all employees.
Nomination of Directors	
<i>Describe the process by which the Board of Directors identifies new candidates for Board of Directors nomination.</i>	The Corporate Governance and Compensation Committee is responsible for identifying new candidates for recommendation to the Board. The Committee considers the composition of the Board and prepares recommendations for director nominees. This process is performed in consultation with the Executive Chairman, CEO and directors.
<i>Disclose whether the Board of Directors has a nominating committee composed entirely of independent directors.</i>	The Corporate Governance and Compensation Committee is responsible for director nominations and is composed entirely of independent directors.
<i>If the Board of Directors has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</i>	<p>The Corporate Governance and Compensation Committee is responsible for director nominations.</p> <p>See Appendix B: Corporate Governance and Compensation Committee Charter and the Corporate Governance and Compensation Committee report on page 19 of this information circular for additional information.</p>
Compensation	
<i>Describe the process by which the Board of Directors determines the compensation for the issuer's directors and officers.</i>	<p>The Corporate Governance and Compensation Committee is responsible for reviewing and approving the compensation of all Executive Officers of Melcor, including general salary structure and short- and long-term incentive programs. The Committee also discusses personnel and human resource matters, including recruitment and management succession plans.</p> <p>See "Compensation Discussion and Analysis" contained in this information circular for additional information.</p>
<i>Disclose whether the compensation committee is composed entirely of independent directors.</i>	The Corporate Governance and Compensation Committee is composed entirely of independent directors.
<i>If the Board of Directors has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</i>	<p>The Corporate Governance and Compensation Committee is responsible for reviewing the compensation levels of senior management, for succession planning and for providing advice to the Board with respect to oversight of compensation and governance matters.</p> <p>See Appendix B: CGCC Charter and the Corporate Governance and Compensation Committee report contained in this information circular for additional information.</p>
Other Board Committees	
<i>If the Board of Directors has other standing committees, identify them and describe their function.</i>	The Board has no other Committees.

Corporate Governance Guideline	Comments
Assessments	
<i>Disclose whether or not the Board of Directors, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.</i>	<p>The Corporate Governance and Compensation Committee has the responsibility for assessing the Board's effectiveness as a whole. A periodic self-assessment is conducted with the findings reported to the full Board.</p> <p>The assessment process examines the effectiveness of the Board as a whole and specifically reviews areas that the Board members believe could be improved to ensure the continued effectiveness of the Board in the execution of its responsibilities.</p> <p>An assessment of each individual director is not performed.</p>
<i>If assessments are not regularly conducted, describe how the Board of Directors satisfies itself that the Board of Directors, its committees, and its individual directors are performing effectively.</i>	

Appendix A | 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.

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 and disclosing, no less than annually, measures for receiving feedback from stakeholders.

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;
- 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;

Appendix B | Corporate Governance & Compensation Committee Charter

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

PURPOSE

The Corporate Governance and Compensation Committee (the "**Committee**") is a standing committee appointed by the Board. The Committee is responsible for overseeing and assessing the functioning of the Board and the committees of the Board and for the development, recommendation to the Board, implementation and assessment of effective governance principles.

The Committee's responsibilities include oversight of director and Company officers, the Company's human resource strategies, programs and policies, including employee remuneration and compensation, together with oversight of the evaluation of management of the Company. In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other governance initiatives as may be necessary or desirable to enable the Board to provide effective governance for the Company and contribute to the success of the Company.

COMPOSITION AND PROCEDURES

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

1. Composition

The Committee shall consist of at least three members of the Board with the majority being, in the determination of the Board, "independent" as that term is defined by Multilateral Instrument 52-110, as amended from time to time, and the majority of whom shall be resident Canadians. Each member shall complete and return a questionnaire regarding the member's independence annually. Non-independent trustees shall abstain from voting on matters related to trustee nominations and compensation.

2. Appointment and Replacement of Committee Members

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 of the Company after his or her election or until his or her successor shall be duly elected or qualified. Any member of the Committee may be removed or replaced 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 its independent members. The Board shall fill any vacancy if the membership on the Committee is less than three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

3. Meetings

Committee meetings are held as required. 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.

4. Professional Assistance

The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense including any search firm or any compensation consulting firm.

5. Review of Charter

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 periodically evaluate its performance with reference to this Charter. The Committee will approve the form of disclosure of this Charter, where required by applicable securities laws or regulatory requirements, in the annual proxy circular or annual report of the Company.

6. 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.

7. 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, subject to and consistent with the Bylaws of the Company and any other applicable governance document, shall in respect of:

VIII. Operations of the Board

- (a) assess the needs of the Board with respect to the conduct of the affairs of the Board, including:
 - i. the size of the Board;
 - ii. the frequency and location of Board and committee meetings;
 - iii. the availability, relevance and timeliness of discussion papers, reports and other information required by the Board;
- (b) recommend at the first meeting of the Board following each annual meeting, the allocation of directors to each of the Board committees and thereafter, where a vacancy occurs at any time in the membership of any Board committee, recommend a particular director to the Board to fill such vacancy;
- (c) oversee continuing education for all directors in respect to the Company;

IX. Governance

- (a) review periodically the Company's approach to governance issues;
- (b) review periodically the mandate for the Board and the positions description for the Executive Chairman, the Executive Vice-Chairman, the Chief Executive Officer, the Lead Director and the Board Committee Chairs of the Company;
- (c) review periodically the charters of the committees of the Board and, where appropriate, make recommendations thereon including changes in the role, size, composition and structure of the committees;
- (d) conduct periodic surveys of directors with respect to their views on the effectiveness of the Board, each committee of the Board and its Chair and individual directors;
- (e) recommend policies regarding succession of the Executive Chairman, CEO and CFO of the Company;
- (f) assess the effectiveness and review the performance of the Board as a whole and each committee of the Board, including the Committee

and the Executive Chairman, CEO and CFO of the Company;

- (g) review the Company's director qualification criteria including the number of boards on which directors may sit, director tenure, retirement and succession;
- (h) review and approve an individual director's request to engage an outside advisor at the expense of the Company;

X. Board Composition and Director Nominations

- (a) review periodically the competencies, skills and personal qualities required of directors in order to add value to the Company, in light of:
 - i. the activities of the Company and the nature of its investments;
 - ii. the need to ensure that a majority of the Board is comprised of individuals, each of whom meets the requirements set out under the heading "COMPOSITION AND PROCEDURES – 1. Composition" above;
 - iii. any other governance agreements to which the Company is a party;
 - iv. the Company's governance guidelines;
- (b) review the competencies, skills and personal qualities of each existing director or director nominees, and the contributions made by the director to the effective operation of the Board and any significant change in the primary occupation of the director;
- (c) ensure director nominees understand the demands and expectations of a director of the Company and the role of the Board and its committees;
- (d) in consultation with the Board, the Executive Chairman, the CEO and management, identify qualified individuals and recommend to the Board the new director nominees for the next annual meeting of shareholders;
- (e) oversee an orientation program to familiarise new directors with the business and operations of the Company including the reporting structure, strategic plans, significant financial, accounting and risk issues and compliance policies, management and the external auditors;

XI. Director Protection

- (a) review periodically the directors and officers insurance policy applicable to the Company and make recommendations for its renewal or amendment or the replacement of the insurer;

- (b) administer all policies of or agreements by the Company with respect to the indemnification by the Company of directors and officers, if any, of the Company;

XII. Director, Officers and Employee Compensation

- (a) review periodically director and officer compensation and the compensation terms that adequately reflect the responsibilities being assumed by directors/officers, and committee chairs and members;
- (b) review and recommend to the Board the employment, appointment, and compensation arrangements of the Executive Chairman, Executive Vice-Chairman and CEO of the Company
- (c) in conjunction with the CEO, review and recommend to the Board the employment and appointment of the top executives of the Company and approve their compensation arrangements, and make changes in these arrangements upon annual reviews of their performance;
- (d) oversee the evaluation of the Company's CEO;
- (e) review the CEO's annual evaluation of the performance of the management committee and key managers of the Company, and approve the CEO's recommendations with respect to compensation, incentive compensation plans and equity-based plans to be provided to such employees;
- (f) review and administer equity compensation plans of the Company for the benefit of employees of the Company and its subsidiaries;
- (g) review and approve corporate goals and objectives relevant to Executive Chairman, Executive Vice-Chairman and CEO compensation, evaluate the Executive Chairman, Executive Vice Chairman and CEO's performance in light of those goals and objectives, and make recommendations with respect to the Executive Chairman, Executive Vice Chairman and CEO's compensation level based on this evaluation;

XIII. Reporting and Disclosure Requirements

- (a) review and approve the annual corporate governance report to be made in either the annual report to the Company's shareholders or the proxy circular prepared in connection with the Company's annual meeting describing the corporate governance practices of the Company with reference to the reporting requirements of the

Toronto Stock Exchange or other applicable securities law requirements;

- (b) review and approve the executive compensation disclosures to be made in the proxy circular prepared in connection with the Company's annual meeting;
- (c) review the "Insider Trading Policy" of the Company;
- (d) review at least annually the "Code of Business Conduct" of the Company;
- (e) review at least annually the "Whistleblower Policy" of the Company;
- (f) review at least annually the "Mandate of the Board of Directors" of the Company;
- (g) review at least annually the position description for the Executive Chairman, Executive Vice-Chairman, CEO, Lead Director, and Board committee chairs of the Company;
- (h) review at least annually the "Audit Committee Charter";
- (i) review at least annually compliance with any governance agreements; and

XIV. Other Items

- (a) review periodically legislation applicable to the operation of the Company's business.

Appendix C | Position Descriptions

Executive Chairman

A key responsibility of the Executive Chairman of the Board of Directors, in addition to his responsibilities as a senior member of the executive management team of the Corporation, is to provide leadership to the Board to enhance Board effectiveness. The Board has ultimate accountability for supervision of the management of the Company. Critical to meeting this accountability is the relationship between the Board, management, shareholders and other stakeholders. The Executive Chairman, as the presiding member, must oversee that these relationships are effective, efficient and further the best interests of the Corporation.

The Executive Chairman reports to the Board.

The Executive Chairman shall:

- Chair all meetings of the Board of Directors and shareholders;
- Lead the Board in ensuring that the Board assumes its duties and responsibilities for the stewardship of the Corporation as set out in the Corporate Governance Guidelines as approved by the Board, the constating documents of the Corporation and corporate law;
- Ensure, in cooperation with the CEO and the Board, that there is an effective succession plan in place for the CEO position and the other senior management positions of the Company;
- Assist the CEO and other members of the senior management team in the short and long range planning activities of the Corporation including the acquisition and growth strategies;
- Ensure the development, on an annual basis, of the corporate objectives which the CEO is responsible for meeting, for the review and approval of the Board;
- Establish the agenda for meetings of the Board in conjunction with the CEO, and ensures the proper and timely flow of information to the Board sufficiently in advance of the meetings;
- Act as a liaison between the Corporation's management and the Board where and if required;
- In conjunction with the CEO, represent the Corporation before its stakeholders, including shareholders, managers and employees, the investment community, the industry and the public;
- Undertake the lead on any corporate governance matter that the Board may request from time to time;
- Develop and maintain a good working relationship between the office of the Executive Chairman, the President and CEO, and the Board to assure open communications, cooperation, interdependence, mutual trust, respect, and commonality of purpose;
- Take steps to foster the Board's understanding of its responsibilities and boundaries with management;
- Establish any other procedures to govern the effective and efficient conduct of the Board's work; and
- Carry out other duties as requested by the Board.

Executive Vice Chairman

The key responsibility of the Executive Vice Chairman of the Board of Directors in addition to his designated responsibilities is to provide support to the Executive Chairman and to perform such duties as the Executive Chairman may delegate.

The Executive Vice Chairman reports to the Executive Chairman.

The Executive Vice Chairman shall:

- Perform chair responsibilities when the Executive Chairman cannot be available;
- Participate as a member of the Management Committee;
- Assist the Executive Chairman, CEO and other members of senior management team in the short and long term planning activities of the Corporation including the acquisition and growth strategies;
- Provide support to the Executive Chairman, CEO and the Board to assure open communication, cooperation, interdependence, mutual trust, respect and commonality of purpose;
- When appropriate and at the direction of the Executive Chairman, provide assistance and act as a resource to senior management; and
- At the request of the Executive Chairman, attend and participate in any Board Committee or Management Committee meetings.

Lead Director

The Executive Chairman of the Corporation is not independent due to his role as a member of the senior management group of the Corporation. Therefore, in keeping with the spirit and intent of good corporate governance and following the recommendations of the corporate governance guidelines set out by the Canadian Securities Administrators, the Board has appointed one of its independent directors to fill the role of Lead Director.

The following outlines the duties and responsibilities of the Lead Director:

- Develop the agenda for the Executive Sessions of the Board (i.e. without management present), with such sessions to be held at least 2 times each year, or as required or deemed necessary, and to chair such Executive Sessions;
- Act as a liaison between the Corporation's management and the Board where and if required;
- Ensure the Board is carrying out its responsibilities in accordance with good governance practices, the constating documents of the Corporation, the approved corporate governance guidelines and that the Board is enabled to carry out its duties as prescribed and under the law.
- Consider any other appropriate structures and procedures to ensure that the Board can function independently of management; and
- Undertake the lead on any other corporate governance matters that the Board may request from time to time.

Corporate Governance & Compensation Committee Chair

The prime responsibility of the Chairman of the Corporate Governance & Compensation Committee ("CGCC") is to provide leadership to the CGCC to ensure its effectiveness. Critical to meeting this accountability is ensuring that the Corporation has in place an appropriate and effective system of corporate governance.

The Chairman of the CGCC shall:

- Set the tone for the work of the CGCC;
- Set the agenda and chair CGCC meetings, and ensure distribution of meeting materials and minutes;
- Oversee the logistics of the committee's operations and ensure compliance with the approved terms of reference of the CGCC; and
- Report to the full Board on the decisions and recommendations of the CGCC.

President & Chief Executive Officer

The President & Chief Executive Officer (CEO) reports to the Board of Directors. The duties and responsibilities of the position include, but are not limited to, the following:

- Develop and recommend to the Board a long-term strategy and vision for the Corporation that leads to the creation of shareholder value;
- Develop, on an annual basis, the corporate and personal objectives for which the CEO will be held accountable, for the review and approval of the Board;
- Overall responsibility for the operations of the Corporation, and to ensure that the day-to-day business affairs of the Corporation are appropriately managed;
- Chairs the Management Committee;
- Foster a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social responsibility;
- Maintain a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of top-quality employees at all levels;
- Assemble and lead an effective and efficient organization that is capable of meeting the Corporation's objectives; ensuring that corporate policies are understood and are properly interpreted and administered by the organization;
- Consistently strive to achieve the company's financial and operating goals and objectives, as recommended to and approved by the Board;
- Ensure that the Company has an effective management team below the level of the CEO, and has an active plan for its development and succession;
- Formulate and oversee the implementation of major corporate policies; and
- In conjunction with the Executive Chairman, to represent the Corporation before its stakeholders, including employees, customers, shareholders, the investment community, the industry and the public.