
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:

Composition

The Committee shall consist of at least three members of the Board of the Company (the "Board"), with the majority of members 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 to the Company annually a questionnaire regarding the member's independence. Non-independent trustees shall abstain from voting on matters related to trustee nominations and compensation.

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.

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.

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.

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.

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.

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:

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;

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;

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 (including the Employment Equity and Diversity Policy);
- (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;

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;

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;

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

Other Items

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