

MELCOR

BOARD OF DIRECTORS POLICY

BACKGROUND

This Policy applies to Melcor Developments Ltd.
The intent of this policy is to provide procedures, guidelines and expectations to those individuals acting as Directors of Melcor.

| | |
|--------------------------------|-------------------------------|
| Document Owner: | Human Resources |
| Applies To: | Directors of the Board |
| Process Responsibility: | Directors of the Board |
| Final Accountability: | Directors of the Board |
| Last Revision | Revised: March 2026 |

Mandate

The board is responsible for the stewardship of Melcor. To carry out this role, the board oversees the conduct, direction, and results of the business. In turn, management is mandated to conduct the day-to-day business and affairs of Melcor and is responsible for implementing the board's strategies, goals, and directions.

The board and its members act in the best interests of Melcor at all times, and the board's actions reflect its responsibility to establish the proper business practices and appropriate ethical standards expected at Melcor Developments.

For more detailed information on the Board's composition, responsibilities, position descriptions, and risk management refer the Board of Directors Mandate (Appendix A).

Age Eligibility and Term Limits

The Board has not established term limits. Although a term limit could result in greater turnover, thus providing more fresh ideas and viewpoints, it would mean the loss of directors who have developed, over time, a depth of insight into our operations that provides invaluable contributions to the board.

The Corporate Governance and Compensation Committee, in consultation with the Executive Chairman and the CEO, will review each director's continuation on the board once per year (as the alternative to term limits). Each director is given the opportunity to confirm his or her desire to continue as a member of the board.

Although, the board has not adopted a formal policy regarding retirement age for directors, it believes that once a director reaches the age of 72, his or her continued service on the board should be reviewed by both the Corporate Governance and Compensation Committee and the board.

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Confidentiality of Information

Members of the Board of Directors are required to keep confidential any financial details or other sensitive information they receive. This means paying strict attention to the security of Board records. In order for the Board to function properly, all parties must retain confidentiality and trust that no improper use will be made of the information received.

Conflict Resolution

The Executive Chairman will endeavor to ensure that board members work cooperatively at all times, and if necessary, will address unacceptable behavior. At times, however, the Board may face issues that polarize members, such that consensus is impossible to achieve. The board may retain outside professionals for conflict resolution.

Meetings

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 to carry out its mandate, which shall occur at least once each quarter.

Appointments & Committees

The Compensation and Corporate Governance 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 ensuring the compliance with governance principles and standards.

The Committee is also 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 resources matters, including recruitment and management succession plans.

Director Compensation

Compensation Philosophy and Approach – Directors play a central role in enhancing shareholder value. Because of this, the director compensation program is designed to attract and retain highly qualified people to serve as Board members. The program is also designed to align the interests of the Directors with those of the shareholders. Each year, the independent directors of the Corporate Governance and Compensation Committee will review the adequacy and form of the director's compensation to ensure that it is competitive and realistically reflects the risks and responsibilities of being an effective director.

Upon retirement or resignation from the board, a director is not entitled to and does not receive any form of retirement compensation.

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

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.

Retainers

Annual Retainer – Annual retainers are the main form of compensation for directors. Similar to a base salary, all directors who sit as members of the Board qualify for the retainer as outlined in our fees guide (Appendix B).

Lead Director – Lead Director is an independent director appointed to ensure the Board is carrying out its responsibilities in accordance with good governance practices. The Lead Director is appointed where the Chairman of the Board is still invested in Melcor's day-to-day operations (i.e. Mr. Tim Melton). The additional retainer fee for the Lead Director is outlined in our fees guide (Appendix B).

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Meeting Fees

There are two types of meetings – scheduled quarterly board meetings and business operations meetings, scheduled on an ad-hoc basis. Meeting fees are in place to compensate directors for their time spent during the meeting as well as the time taken to prepare to discuss business matters.

Scheduled Board Meetings – Directors are required to discuss the progression of the Melcor in achieving its mandated goals. Meeting fees will be as per the fee schedule (Appendix B). Where possible, the directors are encouraged to attend scheduled meetings in person; if not, virtual attendance is acceptable.

Business Operations Meetings – On occasion, and often virtually, ad-hoc meetings may be called to discuss and/or approve a business transaction. Dependent on the length and substance of the meeting the Executive Chairman may arbitrarily increase the fee paid to the Board of Directors; to be determined on a case-by-case basis.

Shareholding Requirements

Directors are not required to own stock in Melcor to be a board member. It is however, preferred that they share a vested interest in the direction and strategy of the organization as a whole.

Expenses

Directors are reimbursed for all ‘reasonable’ travel

costs and out-of-pocket expenses upon the submission of a properly accounted expense claim form (Appendix C). All expense claims are to be reviewed and approved by the Executive Chairman. Any expenses outside the details of this policy should be requested and approved prior to use or expense.

Edmonton-Based Directors – If a Director is traveling during a regularly scheduled meeting or a meeting is called while a Director is traveling we would encourage them to attend virtually. If it is felt that attendance in person is required, Melcor will cover reasonable travel expenses using economy air travel.

Non-Edmonton-Based Directors – If a Director resides permanently outside of Edmonton, Melcor will cover reasonable travel expenses using economy air travel or mileage as per Melcor’s current policy to attend scheduled and special board meetings where required.

Payroll Guidelines

Deductions – All fees, with the exception of approved expenses, will be subject to statutory deductions including but not limited to the appropriate federal and provincial tax, as well as CPP for employees under the age of 70 unless Melcor is provided a CPT-30 form.

Payment Cycle – Director’s fees will be paid to all eligible directors within the month following the end of each fiscal quarter by way of direct deposit.

APPENDIX-B: Fee Schedule

| Fee Schedule | | |
|-----------------------|-------------------------|---------------------|
| <i>Effective Date</i> | <i>Annual Retainers</i> | <i>Meeting Fees</i> |
| | | |

BOARD OF DIRECTORS POLICY

| | Director | Lead Director | Audit Cmt Chair | Governance Cmt Chair | Board | Committee |
|-----------------|----------|---------------|-----------------|----------------------|-------|-----------|
| July 1, 2000 | 7,500 | | 1,000 | 1,000 | 600 | 600 |
| January 1, 2002 | 8,000 | | 1,000 | 1,000 | 750 | 750 |
| January 1, 2003 | 9,000 | | 1,500 | 1,500 | 900 | 900 |
| January 1, 2004 | 10,000 | | 2,500 | 2,500 | 1,000 | 1,000 |
| January 1, 2005 | 10,000 | | 2,500 | 2,500 | 1,000 | 1,000 |
| January 1, 2006 | 12,000 | | 3,000 | 3,000 | 1,000 | 1,000 |
| July 1, 2006 | 18,000 | | 10,000 | 5,000 | 1,200 | 1,200 |
| July 1, 2008 | 20,000 | | 10,000 | 5,000 | 1,200 | 1,200 |
| January 1, 2010 | 20,000 | 2,500 | 7,500 | 5,000 | 1,200 | 1,200 |
| January 1, 2011 | 20,000 | 2,500 | 10,000 | 5,000 | 1,200 | 1,200 |
| January 1, 2012 | 20,000 | 2,500 | 10,000 | 5,000 | 1,500 | 1,500 |
| January 1, 2013 | 20,000 | 2,500 | 10,000 | 5,000 | 1,500 | 1,500 |
| January 1, 2014 | 20,000 | 2,500 | 10,000 | 5,000 | 1,500 | 1,500 |
| July 1, 2014 | 24,000 | 3,000 | 12,000 | 6,000 | 1,500 | 1,500 |
| January 1, 2017 | 24,000 | 10,000 | 12,000 | 6,000 | 1,500 | 1,500 |
| April 1, 2020 | 12,000 | 5,000 | 6,000 | 3,000 | 750 | 750 |
| January 1, 2021 | 18,000 | 7,500 | 12,000 | 6,000 | 1,125 | 1,125 |
| January 1, 2022 | 24,000 | 10,000 | 12,000 | 6,000 | 1,500 | 1,500 |
| January 1, 2026 | 30,000 | 12,000 | 14,000 | 8,000 | 1,800 | 1,800 |