

## **CORPORATE GOVERNANCE POLICY**

### **MELIOR RESOURCES INC.**

**(the “Corporation”)**

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The Corporation is committed to responsible corporate governance practices, transparency and corporate responsibility. The Corporate Governance Policy is the framework by which the Corporation seeks to develop and foster an environment of integrity and compliance. It is the position of the Corporation that a corporate governance policy would be beneficial to shareholders and other stakeholders. This policy will be subject to an annual review, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

#### **THE BOARD**

The board will be mandated to set the strategic direction for the Corporation and to oversee its implementation by management of the Corporation. To assist it in fulfilling this responsibility, the board will have responsibility for several areas, including:

- (a) reviewing and approving the Corporation's strategic and operating plans;
- (b) reviewing and approving material proposed expenditures;
- (c) reviewing and approving significant operational and financial matters; and
- (d) providing direction to management on operational and financial matters.

While decisions regarding the ongoing day-to-day management will be made by management of the Corporation, the board shall meet regularly to review the business operation and financial statements of the Corporation and also to discharge, in part, its responsibility through the audit committee and compensation committee. The frequency of the meetings of the board, as well as the nature of agenda items, will depend on the state of the Corporation's affairs and the types of opportunities which arise or risks which the Corporation face. The Corporation will hold a minimum of four meetings of the board in each fiscal year. When business requires that a board meeting cannot be called within a reasonable time, board decisions will be made by written resolution signed by all directors.

The board is expected to participate fully in assessing and approving strategic plans and prospective decisions proposed by management. In order to ensure that the principal business risks borne by the Corporation are appropriate, the directors shall receive and is expected to comment on periodic oral or written reports from management as to the Corporation's assessment and management of such risks. The board shall regularly monitor the financial performance of the Corporation, including receiving and reviewing detailed financial information contained in management reports. The board of directors will, directly and through its audit committee, assess the integrity of the Corporation's internal control and management information systems.

Input will be given at the directors' meetings regarding performance of senior management. The board shall be responsible for reviewing the performance of senior management. The board shall also be responsible for addressing matters of succession planning.

#### **COMPOSITION OF THE BOARD**

The Corporation is committed having a majority of independent directors on its board; however, this is subject to the reality of its current size and business. It is anticipated that the chair of the board will be an

independent director, if and when appropriate. The Corporation seeks to, through ongoing co-operation and discussions with stakeholders, ensure that the board's agenda will enable it to successfully carry out its duties.

## **BOARD MANDATE**

The board will adopt a written mandate in which it will explicitly acknowledge responsibility for the stewardship of the issuer, including responsibility for:

- (a) to the extent feasible, satisfying itself as to the integrity of the chief executive officer (the “CEO”) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
- (b) monitoring the strategic planning process taking into account, among other things, the opportunities and risks of the business;
- (c) the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks;
- (d) succession planning (including appointing, training and monitoring senior management);
- (e) adopting a public disclosure policy for the issuer;
- (f) the issuer's internal control and management information systems; and
- (g) developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer.

The written mandate of the board should also set out:

- i. measures for receiving feedback from stakeholders, and
- ii. expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials.

## **NOMINATIONS OF DIRECTORS**

The board will perform the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Corporation is of the view that this is the best approach at its stage of development. While there are no specific criteria for board membership, the Corporation will attempt to attract and maintain directors with a wealth of business knowledge and particular knowledge of the Corporation's industry or other industries that would assist in guiding the officers of the Corporation. As such, nominations shall be the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration of the board as a whole.

Prior to nominating or appointing individuals as directors, the board will adopt a process involving the following steps:

- (a) consider what competencies and skills the board, as a whole, should possess. In doing so, the board will recognize that the particular competencies and skills required for one issuer may not be the same as those required for another; and
- (b) assess what competencies and skills each existing director possesses. While it is unlikely that any one director will have all the competencies and skills required by the board, the board will be evaluated as a group, with each individual making his or her own contribution. Attention will also be paid to the personality and other qualities of each director, as these may ultimately determine the boardroom dynamic.

The board will also consider the appropriate size of the board, with a view to facilitating effective decision-making.

Other factors that the board may consider include:

- (a) the competencies and skills that may be necessary for the board, as a whole, to possess;
- (b) the competencies and skills that each existing director possesses;
- (c) the competencies and skills each new nominee will bring to the boardroom; and
- (d) whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member.

### **DIRECTOR ATTENDANCE**

Directors must be committed to diligent attendance at board and committee meetings commensurate with their particular circumstances, and to full preparation for and participation in such meetings. If a director attends fewer than 50% of board meetings, the Chair will inquire into the situation and take steps to work with the director to improve attendance. Attendance will also be taken into consideration in the nomination process. While the Corporation does not restrict the number of public company boards that a director may serve on, each director must devote sufficient time to carrying out his or her duties effectively. Each director also commits to serve on the Board for an extended period of time if elected.

### **DIRECTOR CONFLICT OF INTEREST**

Directors must provide the Corporation with all information relating to entities in which they have a material interest so that conflicts may be identified. The directors shall report to the Corporation and to the board any conflict of interest or potential conflict of interest. It is the responsibility of the director to report such conflict, including the issue, nature and details of the conflict.

### **POSITION DESCRIPTIONS**

The Corporation will endeavor to, when appropriate, develop descriptions for the roles of chair of the board, and chair of each board committee. If necessary, and as the Corporation's business evolves, the board together with the CEO will develop a succinct position descriptor for the role. The descriptions will assist in the development of corporate goals and objectives that the chief executive officer will be responsible for meeting.

### **ON-GOING EDUCATION**

While the Corporation has not established a formal orientation and education program for new board members, the Corporation is committed to providing such information so as to ensure that the new directors are familiarized with the Corporation's business and the procedures of the board. Information may include the Corporation's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures. The board will ensure that every director possesses the capabilities, expertise, availability and knowledge required to fill his or her position adequately. From time to time, the Corporation will arrange on-site tours of its operations.

The board will ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its directors). All new directors should also understand the nature and operation of the business.

The board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.

### **CODE OF ETHICS**

As a responsible business and corporate citizen, the Corporation is committed to conducting its affairs with integrity, honesty, fairness and professionalism. The Board will adopt a Code of Ethics. The Code of Ethics will apply at all levels of the organization, from major decisions to day-to-day transactions.

The Code of Ethics delineates the standards governing the relations between the Corporation and shareholders, customers, suppliers and competitors respectively. Within this framework, employees and directors are expected to exercise good judgment and be accountable for their actions. All employees and directors are required to review and attest to compliance with the Code on an annual basis.

### **COMPENSATION**

The board of directors shall appoint a compensation committee, which will review and approve salary and benefits for the executives of the Corporation and compensation for the directors of the Corporation. The Corporation will develop policies for the compensation of its executives and directors; and codifying the policy with a Compensation Charter.

The Charter of the Compensation Committee establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the board. In addition, the compensation committee will have the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

The compensation committee will be responsible for:

- (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation;
- (b) making recommendations to the board with respect to non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and
- (c) reviewing executive compensation disclosure before the Corporation publicly discloses this information.

### **AUDIT COMMITTEE**

The board of directors will appoint an audit committee with authority to engage independent counsel, to set and pay compensation for advisors and to communicate directly with internal and external auditors. External auditors will report directly to the audit committee. The audit committee will compose of a minimum of three members, all of whom are directors of the Corporation and are financially literate.

The audit committee will be guided by its charter, which will set out, among other things, its primary responsibilities, its composition, and rights.