

**MEGASTAR DEVELOPMENT CORP.
(THE "CORPORATION")**

**CORPORATE GOVERNANCE COMMITTEE CHARTER
ADOPTED BY THE BOARD OF DIRECTORS OF THE CORPORATION
ON APRIL 22, 2008**

PURPOSES

The purposes of the Corporate Governance Committee (the "Committee") are to:

- (a) identify and recommend individuals to the Corporation's board of directors (the "Board") for nomination as members of the Board and its committees (other than the Committee);
- (b) develop and recommend to the Board corporate governance principles applicable to the Corporation; and
- (c) undertake such other duties as the Board may from time to time delegate to the Committee.

COMPOSITION AND PROCESS

- (a) The Committee shall be comprised of not fewer than three members of the Board and, as soon as practicable, the majority of such members shall be considered "independent", as that term is defined in National Instrument 58-101 *"Disclosure of Corporate Governance Practices"*.
- (b) Members of the Committee shall be appointed by resolution of the Board and shall serve at the pleasure of the Board. Any member of the Committee may be removed at any time, with or without cause, by a resolution passed by the Board.
- (c) The Board shall designate by resolution one member of the Committee as its Chairperson. The Chairperson may be removed at any time, with or without cause, by resolution of the Board.
- (d) A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee. In the case of an equality of votes, the Chairperson of the meeting, in addition to his or her original vote, shall be entitled to a second or casting vote.
- (e) The Committee may form and delegate, in its discretion, all or a portion of its duties and responsibilities to a subcommittee of the Committee.

COMMITTEE BUSINESS

- (a) Subject to the Articles of the Corporation and any resolution of the Board, the Committee shall meet at a time and place determined by the Chairperson of the Committee.

- (b) Members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A Committee member participating in such a meeting by such means is deemed to be present at that meeting.
- (c) A resolution consented to in writing, whether by document, telegram, telex, facsimile or any method of transmitting legibly recorded messages, by all of the members of the committee shall be as valid and effectual as if it had been passed at a meeting of the members of the committee duly called and held. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the members of the Committee and shall be effective on the date stated thereon. Copies of such consent resolutions will be distributed to Committee members with copies to the Board.
- (d) The Committee shall follow the rules of procedure set forth in the Articles of the Corporation or of the Board established by it from time to time to govern its activities.

DUTIES AND RESPONSIBILITIES

The role, duties and responsibility of the Committee shall be to:

- (a) review, advise and recommend to the Board, matters respecting the organization and responsibility of committees of the Board, and the evaluation process for the Chairman and the Board, and in addition examine the size and overall composition of the Board on an ongoing basis, with a view to determining the impact of the number of Board members, upon the effectiveness of the Board and undertaking where appropriate, a program to increase or decrease the number of Board members to a number that facilitates effective decision-making;
- (b) make recommendations to the Board from time to time as to changes that the Committee believes desirable to the size of the Board or any committee of the Board;
- (c) identify individuals qualified to become members of the Board, and to recommend to the Board the nominees for election as directors at annual or special meetings of shareholders; and, in the event of a vacancy on the Board (including a vacancy created by an increase in the size of the Board), the Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by shareholders. When nominating candidates, the Committee shall take into consideration the criteria approved by the Board for the selection of nominees and such other criteria as it deems appropriate, including the candidate's:
 - i) judgment, skill, diversity and experience,
 - ii) experience as it relates to the experience of other members of the Board, with the goal of having the Board represent a range of experience appropriate to the circumstances and business of the Corporation; and
 - iii) compatibility with other members of the Board;
- (d) establish an orientation and education program for new members of the Board, and a continuing education program for all members of the Board;

- (e) develop and recommend to the Board standards to be applied in making determinations as to whether or not a material relationship exists between the Corporation and its directors;
- (f) identify members of the Board qualified to fill vacancies on any committee of the Board (other than the Committee) and to recommend that the Board appoint the identified member or members to the respective committee. In nominating a candidate for committee membership, the Committee shall take into consideration the factors set forth in the Charter of that committee, if any, as well as any other factors it deems appropriate, including, without limitation, the consistency of the candidate's experience with the duties and responsibilities of the committee and the interplay of the candidate's experience with the experience of other committee members;
- (g) review the corporate governance policies and practices of the Corporation generally and make recommendations thereon to the Board, including overseeing and making recommendations to the Board on developing the principles on which the Corporation bases its corporate governance practices;
- (h) advise the Chairman of the Board regarding the formulation of the Corporation's response to the corporate governance guidelines and disclosure requirements adopted, from time to time, by the regulatory authorities having jurisdiction over the affairs of the Corporation, including reviewing and recommending for approval to the Board on an annual basis a statement on corporate governance for inclusion in the annual report, annual information form or information circular of the Corporation;
- (i) recommend procedures which permit the Board to meet without representatives of management of the Corporation being present;
- (j) determine whether the appointment or election of an officer or director of the Corporation to the board of an issuer other than an affiliate of the Corporation or any relationship between a director and any other issuer constitutes a conflict of interest;
- (k) determine when individual Board members may retain, at the expense of the Corporation, an independent advisor and the terms and conditions of any such retainer, provided further that any such determination by the Committee shall be binding upon the Board and the Corporation;
- (l) receive complaints or correspondence from any person regarding the Corporation's Code of Business Conduct and Ethics, and make a determination as to any action or remedy required;
- (m) receive complaints and correspondence from any person regarding the Corporation's Disclosure Policy, and make a determination as to any action or remedy required; and
- (n) retain, where appropriate, an independent advisor to the Committee to be used to identify director nominee candidates, including the authority to approve the advisor's fees and other retention terms provided that any such determination by the Committee shall be binding on the Board and the Corporation.

COMMITTEE REPORTS

The Committee shall produce and provide to the Board:

- (a) any reports or other disclosures required to be prepared by the Corporation in relation to the Committee or its activities pursuant to applicable laws or stock exchange requirements for inclusion in the Corporation's public disclosure documents;
- (b) an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter and shall recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee which shall be conducted in such manner as the Committee deems appropriate; and
- (c) a report concerning the business conducted and decisions made at each Committee meeting shall be made to the Board following each meeting of the Committee. The report to the Board may take the form of an oral report by the Chairperson of the Committee or any other member of the Committee designated by the Committee to make a report.

RESOURCES AND AUTHORITY OF THE COMMITTEE

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special legal counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management.