

ALARIS ROYALTY CORP.

CORPORATE GOVERNANCE POLICY

The board of directors (**Board**) of Alaris Royalty Corp. (**Company**) is responsible for managing, or supervising the management of, the business and affairs of the Company. The executive officers (**Executive Officers**) of the Company are responsible for the management of the business and affairs of the Company within the strategic direction approved by the Board.

Nothing in this Policy or the other policies, mandates or charters adopted by the Company, the Board or any committee thereof is intended to expand the legal obligations or duties of the Board, any member of the Board or any Executive Officer.

POLICY

The Company is committed to transparency and responsible and effective corporate governance practices. The Corporate Governance Policy is a framework for the way in which corporate governance is carried out by the Company. The Company believes that these practices benefit all of the Company's stakeholders and must be maintained as an essential part of its operations. The Company will review this policy annually.

THE BOARD

Duties and Responsibilities

The Board is responsible for the stewardship of the Company, providing independent, effective leadership to supervise the management of the business and affairs of the Company.

The Board annually reviews and confirms or updates its Mandate, which sets out the duties and responsibilities of the Board.

Independence from Management

The Board meets without management at every regularly scheduled meeting.

Overall Independence

The Board meets without management and without non-independent Directors at every regularly scheduled meeting.

Size of Board and Selection Process

The Board consists of between one (1) and eleven (11) directors (**Directors**) at all times. Subject to the Company's articles and by-laws, the Company's shareholders elect Directors each year at the annual meeting (**AGM**). The Board may from time to time and subject to the limits in the Articles appoint additional directors between AGMs, who will serve until the next AGM.

All candidates for election or appointment to the Board will initially be reviewed and recommended by the Compensation and Governance Committee (**CG Committee**).

DIRECTORS

Duties and Responsibilities

Each individual Director will contribute actively and collectively to the effective governance of the Company. The Board annually reviews and confirms or updates the Individual Director Mandate, which sets out the duties and responsibilities of individual Directors.

Independence

The Board annually, and when circumstances require, reviews and makes a determination on the independence of each Director in light of applicable law. The independence determinations will be disclosed publicly.

Attendance

Directors will strive for attendance at all Board and Board Committee meetings. The Company will publicly disclose the Director attendance record annually.

Orientation

The Company will establish and maintain an orientation program for new Directors which will include: information on the role of the Board and each of its Committees; company and industry information; and the contribution individual Directors are expected to make. Each new Director receives a binder with up-to-date information on the Company's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures. Each new Director will attend an orientation session detailing the values and strategy of the Company and reviewing its operations, internal structure and processes. As well, regardless of which Committees a new Director is on or will be appointed to, each new Director will be invited to attend a full set of Committee meetings.

Continuing Education

Presentations are made regularly to the Board and Committees to educate and keep them informed of changes within the Company and in legal, regulatory and industry requirements and standards. Special presentations on operations and issues relating to particular investments are provided to all Directors from time to time. The CG Committee reviews information on available external educational opportunities and ensures Directors are aware of the opportunities. The Company pays tuition and expenses for Directors to attend relevant external education sessions. The Company will pay for membership dues for each of the Directors in an appropriate organization that provides relevant publications and educational opportunities.

Performance Evaluation

Every Director will participate in an annual performance evaluation review directed by the CG Committee, which will explore the performance of the Board as a whole, all Board Committees, and the performance and skills of individual Directors. The CG Committee will report to the Board and recommend any changes or further actions to address issues that were identified.

Compensation

The Company reviews the compensation of Directors, the Board Chair and the Committee Chairs regularly. The CG Committee makes recommendations to the Board with respect to compensation of

Directors, the Board Chair and Committee Chairs. All compensation paid to Directors will be publicly disclosed.

Equity-Based Compensation

Directors receive equity-based compensation, currently in the form of restricted share compensation. All equity-based compensation granted to Directors will be publicly disclosed.

Retirement

The Company has not set a retirement age for Directors. As an alternative to a strict retirement policy, annual performance evaluations are conducted.

Term Limits

The Company has not set a term limit for its Directors. While term limits ensure fresh viewpoints on the Board, they also cause a company to lose the valuable contributions of those directors who best understand the business of the company and the challenges it faces. As an alternative to strict term limits, annual performance evaluations are conducted.

BOARD COMMITTEES

Independence from Management

Board Committees meet without management at each regularly scheduled meeting.

A Director who is an Officer of the Company (other than the Chair of the Board) will not be a member of any Board Committee.

Committees

The Company will have an audit committee, a compensation committee, and a nominating/governance committee. The Company has an Audit Committee and a Compensation and Governance Committee to meet these requirements. The Board may also authorize other committees from time to time, as it feels are appropriate.

The **Audit Committee** assists the Board in overseeing (i) the integrity of annual and quarterly financial statements to be provided to the Company's shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (iv) the system of internal accounting and financial reporting controls that Management has established; and (v) performance of the external audit process and of the external auditor. The Committee will also have the responsibility to assist the Board in fulfilling its financial oversight responsibilities with respect to (i) financial policies and strategies including capital structure; (ii) financial risk management practices; and, (iii) transactions or circumstances which could materially affect the financial profile of the Company.

The **Compensation and Governance Committee** assists the Board in overseeing (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for Director and Board Committee appointments; (iii) evaluations of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs; (iv) implementation and effectiveness of the Code of Business Conduct and the

compliance programs under the Code of Business Conduct; (v) key compensation and human resources policies; (vi) CEO objectives, performance reviews and compensation; (vii) Executive Officer compensation; (viii) Executive Officer succession and development; and, (ix) reviewing executive compensation disclosure before its release.

Mandates

Each current Board Committee has developed a Mandate setting out its duties and responsibilities that has been approved by the Board. All Board Committee Mandates are reviewed annually by the CG Committee and the relevant Board Committee. Any changes to Board Committee Mandates will be approved by the Board.

Member Independence

All members of the Audit Committee and a majority of the members of the CG Committee will be independent pursuant to applicable law. The Board annually reviews and makes a determination on the independence of each of the members of the Committees in light of applicable law. Independence of all Committee members will be publicly disclosed.

Audit Committee Financial Literacy

All members of the Audit Committee will be financially literate as defined under applicable law. The Board annually reviews financial literacy.

Reporting

The Board receives reports from the Board Committees at each regular meeting. The Board Committees also report to other Board Committees from time to time, as required.

BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS

Advisors

The Board and all Board Committees will have the authority to engage independent advisors, at the Company's expense, to assist them in carrying out their responsibilities. Individual Directors may engage independent advisors at the Company's expense in appropriate circumstances and with the approval of the CG Committee.

CHAIRS

Duties and Responsibilities of the Chairs

The Board has adopted and maintains and annually reviews and updates or confirms the Position Descriptions for the Board Chair and the Committee Chairs, which set out the duties and responsibilities of the Chairs.

Term Guidelines for Chairs

The Board has determined that the Board Chair and Committee Chairs will serve for a term of no more than five years unless, after review by the CG Committee, it is decided that circumstances exist that make continuity of leadership desirable at the time.

OFFICERS

Duties and Responsibilities of the Chief Executive Officer (CEO)

The Board has adopted and regularly reviews and updates or confirms the CEO Position Description, which sets out the duties and responsibilities of the CEO.

The Board also reviews and approves Annual Objectives for the CEO. The independent Directors, with recommendations from the CG Committee, annually approve CEO compensation.

Duties and Responsibilities of Other Officers

The Board has adopted and regularly reviews and updates or confirms Position Descriptions, which set out the duties and responsibilities for each of the Chief Financial Officer (**CFO**) and the Secretary.

Succession Planning

The CG Committee reviews and reports to the Board annually on the succession plan for the Company's CEO and senior management.

DIRECTORS AND OFFICERS

Share Ownership

The Board regularly reviews its guidelines for shareholdings of Directors and Officers.

Loans

The Company will not make any loans to its Directors or Officers.

POLICIES

Code of Business Conduct

The CG Committee, the Audit Committee and the Board annually review and update or confirm the Code of Business Conduct applicable to all directors, officers and employees. The Board, through the CG Committee, receives regular reports on compliance with the Code of Business Conduct. The Code of Business Conduct will be publicly disclosed on SEDAR and the Company's website. Any waivers of or changes to the Code of Business Conduct will be approved by the Board and will be appropriately disclosed.

The Whistleblower Policy contains provisions for the submission of complaints by employees and others with respect to financial reporting, internal accounting and audit matters. The Whistleblower Policy includes protection from retaliation for employees who submit complaints in good faith.

Trading and Blackout Policy

To prevent insider trading, the Company has developed and regularly reviews and updates the procedures under its Trading and Blackout Policy applicable to all directors, officers and employees.

External Communications Policy

The Company has developed and annually reviews and updates or confirms its External Communications Policy.

DISCLOSURE**Compensation Consultant/Advisor**

If a compensation consultant or advisor has been retained to assist in determining compensation for any of the Directors or Officers, the Company will disclose: the identity of the consultant or advisor; the mandate for which they were retained; and the nature of any other work the consultant or advisor was retained by the Company to perform.

Annual Governance Reporting

The Company will annually publicly disclose its governance practices in compliance with relevant Canadian laws and rules.

Access to Disclosures

As required by law, certain information is included in the Company's annual Proxy Circular or its Annual Information Form.

Approved: March 11, 2009

On Behalf of the Board:

Director