

## ALARIS ROYALTY CORP.

### INFORMATION CIRCULAR DATED SEPTEMBER 15, 2008 FOR THE SPECIAL MEETING OF COMMON VOTING SHAREHOLDERS TO BE HELD ON OCTOBER 8, 2008

#### SOLICITATION OF PROXIES

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Alaris Royalty Corp. ("Alaris " or the "Corporation")** for use at the special meeting of the common voting shareholders (the "**Shareholders**") of the Corporation (the "**Meeting**") to be held on October 8, 2008 at 10:00 a.m. (Calgary time) in the Main Boardroom at the offices of Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9, and at any adjournment(s) thereof, for the purposes set forth in the Notice of Special Meeting of Shareholders. Instruments of Proxy must be received by the President of the Corporation c/o Computershare Investor Services Inc. ("**Computershare**"), 9<sup>th</sup> Floor, 100 University Avenue Toronto, Ontario M5J 2Y1 not less than 48 hours before the time set for the holding of the Meeting or any adjournment(s) thereof. The board of directors of the Corporation (the "**Board**") has fixed the record date for the Meeting at the close of business on September 15, 2008 (the "**Record Date**"). Shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those voting common shares of the Corporation (the "**Common Shares**") included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date.

A quorum for the transaction of business at the Meeting will be present if two persons are present, holding or representing by proxy, in aggregate not less than 5% of the shares entitled to be voted at the Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or such shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**The persons named in the enclosed Instrument of Proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than the persons designated in the Instrument of Proxy furnished by the Corporation, who need not be a shareholder, to attend and act for such shareholder at the Meeting. To exercise such right, the names of the persons designated by management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.**

#### REVOCABILITY OF PROXY

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has been given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment(s) thereof, and upon either of such deposits, the proxy is revoked.

#### PERSONS MAKING THE SOLICITATION

**The solicitation is made on behalf of the management of the Corporation.** The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Meeting of Shareholders and this Information Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

No person is authorized to give any information or make any representations other than those contained in this Information Circular and, if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

## EXERCISE OF DISCRETION BY PROXY

The shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the shares shall be voted on any ballot in accordance with the specification so made.

**In the absence of such specification, the shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Special Meeting of Shareholders. At the time of printing this Information Circular, management of the Corporation knows of no such amendment, variation or other matter.**

## ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to certain Shareholders, as a substantial number of the Shareholders do not hold shares in their own name. As at September 15, 2008, shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of Alaris as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of Alaris. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of Alaris do not know for whose benefit the shares registered in the name of CDS & Co. are held.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge in advance of the Meeting in order to have the shares voted.**

## INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed, management of the Corporation is not aware of any material interest of any director or nominee for director, or executive officer or any one who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than as disclosed herein. Shareholders whose Common Shares are not purchased pursuant to the Share Capital Amendment (as described herein) will realize a proportionate increase in their equity interest in the Corporation, including insiders who are also Shareholders. See "Voting Securities and Principal Holders" below.

## VOTING SECURITIES AND PRINCIPAL HOLDERS

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of non-voting common shares (the "**Non-Voting Shares**"). As at September 15, 2008, 8,482,222 Common Shares and 666,668 Non-Voting Shares (7.29% of the total issued and outstanding shares of Alaris) of the Corporation were issued and outstanding. Each Common Share carries the right to one vote on each resolution voted on at the Meeting.

Holders of Non-Voting Shares are entitled to receive notice of and to attend any meeting of the shareholders of the Corporation provided that, except as required by law, the holders of the Non-Voting Shares shall not be entitled to vote at any meeting of shareholders of the Corporation. **Accordingly, the holders of Non-Voting Shares will not be entitled to vote on any matter to be acted on at the Meeting.** The holders of Non-Voting Shares are entitled to receive dividends as and when declared by the board of directors of the Corporation on the Non-Voting Shares as a class, provided that no dividend may be declared in respect of, or any other benefit conferred upon the holders of, Non-Voting Shares unless concurrently therewith the same dividend in respect of, or the same benefit is conferred upon the holders of, Common Shares. The holders of Non-Voting Shares are entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purposes of winding-up its affairs, to share rateably, together with the holders of Common Shares in such assets of the Corporation as are available for distribution.

In addition, where an offer is made to purchase Common Shares which, by reason of applicable securities legislation or by-laws, regulations or policies of a stock exchange require that the offer be made to each holder of Common Shares, each outstanding Non-Voting Share shall be redeemed by the Corporation at the option of the holder of such Non-Voting Shares. The redemption right may be exercised by notice in writing given to the Corporation during the redemption period, which period is defined as the period of time commencing on the seventh business day after the date on which an offer is made and terminating on the last date upon which holders of Common Shares may accept the offer. However, the redemption right shall not come into effect if: (a) one or more shareholders of the Corporation who did not make or act in concert with the person or persons making the offer and who, in the aggregate, beneficially own, directly or indirectly, or exercise control or direction over, not less than fifty percent of the outstanding Common Shares determine within five business days of the date of an offer that he or they will continue to so own or exercise control or direction over, in the aggregate, of fifty percent or more of the outstanding Common Shares; (b) contemporaneously with any such offer, and offers made to the holders of Non-Voting Shares upon the same terms and conditions as those contained in the offer to holders of Common Shares; (c) the Board determines within five business days after the date that an offer is made that the offer is not bona fide or is made primarily for the purpose of causing the redemption right to come into effect and not primarily for the purpose of acquiring Common Shares; or (d) the offer is not completed in accordance with its terms.

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to the Common Shares of the Corporation, except as set out in the table below.

| Name         | Number of<br>Common Shares<br>Legally and<br>Beneficially Owned | Percentage of<br>Outstanding<br>Common Shares |
|--------------|---|---|
| Clay Riddell | 3,000,000   | 35.37%  |

#### MATTERS TO BE ACTED UPON AT THE MEETING

##### Share Capital Amendment

The Corporation has a large number of Shareholders holding small numbers of Common Shares. The number of Shareholders holding less than 50 Common Shares is estimated to be approximately 3,300 as at September 11, 2008, on which date such Shareholders held an aggregate of approximately 17,000 Common Shares (with a current market value of less than \$204,000 based on the \$12.00 issue price of the \$55,286,556 subscription receipt financing completed by the Corporation on July 17, 2008, which was the most recent issue of Common Shares by the Corporation) representing only approximately 0.2% of the total number of outstanding Common Shares. The Corporation spends a significant amount of money printing and mailing to these Shareholders materials required by statute, such as financial statements and information circulars, and servicing their accounts through the Corporation's registrar and transfer agent. In addition, the Corporation recently adopted a policy to pay a monthly dividend, currently set at \$0.12 per share. Under the current dividend policy, holders of 49 Common Shares or less would receive dividend cheques for only \$5.88 or less. The cost of administering a large number of these small cheques is disproportionate to the value of the cheques and increases the administrative burden on the Corporation. The Corporation believes that most of these small

Shareholders will welcome the opportunity to dispose of their Common Shares without being required to pay a brokerage fee, which could make the costs of such a disposition prohibitive.

Accordingly, the Board of Directors has approved, subject to Shareholders' approval, amendments to the Articles of the Corporation, pursuant to Section 173(1)(h) of the *Canada Business Corporations Act* (the "**CBCA**"), to: (a) consolidate all of the issued and outstanding Common Shares by changing each of the issued and outstanding Common Shares into 1/50<sup>th</sup> of a Common Share (the "**Consolidation**"), provided, however, that holders of less than 50 Common Shares immediately prior to the effective time of the Consolidation shall not be entitled to receive a fractional Common Share following the Consolidation, but in lieu of any such fractional share shall be entitled to receive a cash payment equal to that number of pre-Consolidation Common Shares which would otherwise result in a fractional Common Share multiplied by \$12.00 (the "**Cash Consideration**"); and (b) immediately thereafter subdivide the Corporation's issued and outstanding Common Shares on the basis of 50 post-subdivision Common Shares for every one (1) pre-subdivision (and post-Consolidation) Common Share (the "**Split**" and together with the Consolidation the "**Share Capital Amendment**").

As the Common Shares are not currently listed for trading on any stock exchange, the Corporation has set the price to be paid to holders of less than 50 Common Shares under the Share Capital Amendment at \$12.00, which is the same as the issue price of the Common Shares pursuant to the \$55,286,556 subscription receipt financing completed by the Corporation on July 17, 2008. The subscription receipt financing is the most recent issue of Common Shares completed by the Corporation.

In order to give effect to the Share Capital Amendment, the Articles of the Corporation must be amended by special resolution of the shareholders entitled to vote and such special resolution must be approved by an affirmative vote of not less than two-thirds (66 2/3%) of the votes cast at the Meeting on the resolution. Accordingly, at the Meeting, a special resolution in substantially the form set out below will be presented to the holders of Common Shares:

"BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES, THAT:

1. pursuant to section 173(1)(h) of the *Canada Business Corporations Act* (the "**CBCA**"), the Articles of the Corporation be amended effective Sunday, October 12, 2008 (or such other date as the board of directors of the Corporation may, in its sole discretion, determine) to consolidate all of the issued and outstanding voting common shares (the "**Common Shares**") by changing each of the issued and outstanding common shares into 1/50<sup>th</sup> of a Common Share; provided, however, that holders of less than 50 Common Shares on the date that the articles of amendment filed to give effect to such consolidation become effective shall not be entitled to receive a fractional common share following the consolidation, but in lieu of any such fractional share shall be entitled to receive a cash payment equal to that number of pre-consolidation Common Shares which would otherwise result in a fractional Common Share multiplied by \$12.00 (the "**Cash Consideration**"), such payment to be made on presentation and surrender to the Corporation's registrar and transfer agent, Computershare, for cancellation of the certificate or certificates representing the Common Shares;
2. upon the consolidation set out in paragraph 1 becoming effective, holders of less than 50 Common Shares immediately prior to the articles of amendment filed to give effect to such consolidation becoming effective shall cease to have any rights as a shareholder of the Corporation, other than the right to be paid the Cash Consideration;
3. any certificates representing less than 50 common shares immediately prior to the articles of amendment filed to give effect to such consolidation becoming effective which have not been surrendered, with all other required documentation, on or prior to the sixth anniversary of such date, will cease to represent a claim or interest of any kind or nature against the Corporation or the Corporation's registrar and transfer agent, Computershare;
4. pursuant to section 173(1)(h) of the CBCA, the Articles of the Corporation be amended effective 12:01 a.m. on Monday, October 13, 2008 (or such other date as the board of directors of the Corporation may, in its sole discretion, determine) to subdivide the common shares of the Corporation by changing each of the issued and outstanding common shares into 50 common shares;

5. any director and/or officer of the Corporation be and is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such deeds, documents, instruments and assurances and to do or cause to be done all such other acts and things as such director and/or officer may determine to be necessary or desirable to carry out the terms of this resolution (including, without limitation, the delivery of articles of amendment in the prescribed form to the Director appointed under the CBCA), the execution and delivery of any such deed, document, instrument or assurance or the doing of any such act or thing being conclusive evidence of such determination; and
6. the board of directors of the Corporation is authorized, in its sole discretion, to revoke this resolution without further approval of the shareholders of the Corporation, at any time prior to the endorsement by the Director appointed under the CBCA of a certificate of amendment of articles in respect of the share consolidation referred to in paragraph 1 of this resolution."

The result of the Share Capital Amendment will be that the holders of less than 50 Common Shares (on a pre-Consolidation basis) will cease to hold Common Shares of the Corporation and will be entitled to receive the Cash Consideration for their Common Shares. Holders of 50 or more Common Shares of the Corporation immediately prior to the Consolidation will continue to hold the same number of Common Shares held immediately prior to the Consolidation.

The Board of Directors recommend that Shareholders vote in favour of the Share Capital Amendment. **Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as a proxy, to vote in favour of the foregoing resolution approving the Share Capital Amendment.**

The terms of the Non-Voting Shares provide that where the Common Shares are subdivided, consolidated, reclassified or otherwise changed, contemporaneously therewith, the Non-Voting Shares must also be subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner. Therefore, if the Share Capital Amendment is approved at the Meeting, the Non-Voting Shares will be consolidated (the "**Non-Voting Share Consolidation**") and then subdivided on the same terms and in the same manner as the Common Shares. Consequently, Non-Voting Shareholders holding less than 50 Non-Voting Shares (on a pre-Non-Voting Share Consolidation basis) shall not be entitled to receive a fractional Non-Voting Share following the Non-Voting Share Consolidation, but in lieu of any such fractional share shall be entitled to receive a cash payment equal to that number of pre-Non-Voting Share Consolidation Non-Voting Shares which would otherwise result in a fractional Common Share multiplied by \$12.00.

Following approval of the Share Capital Amendment, Shareholders holding less than 50 Common Shares and Shareholders holding 50 or more Common Shares are required to take the specific action set out below.

#### **Registered Shareholders Holding Less Than 50 Common Shares**

In order to receive payment of the Cash Consideration, as set out above, registered Shareholders who hold less than 50 Common Shares immediately prior to the Consolidation must complete and sign the enclosed letter of transmittal and return it, together with the certificates representing such Common Shares, to Computershare. Upon the Consolidation becoming effective such Shareholders shall cease to have any rights as a shareholder of the Corporation, other than the right to receive the Cash Consideration. **Any certificates representing less than 50 Common Shares immediately prior to the Consolidation, which have not been surrendered in accordance with the letter of transmittal on or prior to the sixth anniversary of the Consolidation date will cease to represent a claim or interest of any kind or nature against the Corporation or Computershare. Under no circumstances will interest accrue or be paid by the Corporation or Computershare on the purchase price for Common Shares to persons depositing Common Shares, regardless of any delay in making such payment.**

#### **Registered Shareholders Holding 50 or More Common Shares**

In connection with the Share Capital Amendment, the Corporation is required to obtain a new CUSIP number for the Common Shares. Accordingly, registered Shareholders holding 50 or more Common Shares immediately prior to the Consolidation must complete and sign the enclosed letter of transmittal and return it, together with certificates representing such Common Shares, to the Corporation's registrar and transfer agent, Computershare. A new share certificate will then be sent to the registered holder reflecting the new CUSIP number.

### **Beneficial Shareholders Holding Less Than 50 Common Shares**

Only registered Shareholders are required to complete, sign and submit the appropriate letter of transmittal as described above. Shareholders who own shares beneficially (a) through an intermediary or (b) in the name of a clearing agency (such as CDS) are not required to submit a letter of transmittal. The intermediary or the clearing agency, as the case may be, will take the appropriate steps and arrange for payment of any Cash Consideration to such Shareholders.

### **Beneficial Shareholders Holding 50 or More Common Shares**

Only registered Shareholders are required to complete, sign and submit the appropriate letter of transmittal as described above. Shareholders who own shares beneficially (a) through an intermediary or (b) in the name of a clearing agency (such as CDS) are not required to submit a letter of transmittal. The intermediary or the clearing agency, as the case may be, will take the appropriate steps to ensure that the holders' accounts are adjusted to reflect the new CUSIP number.

### **Notice to Beneficial Shareholders and Their Intermediaries**

Intermediaries will be required to advise the Corporation's registrar and transfer agent, Computershare, at or prior to 4:30 p.m. (E.S.T.) on or before October 9, 2008 (the "**Determination Date**") of the number of Shareholders for whom they are holding less than 50 Common Shares and the number of Common Shares so held for the purposes of determining the number of unregistered Shareholders affected by the Share Capital Amendment and the number of Common Shares which will be eliminated pursuant to the Share Capital Amendment. Failure to respond by the Determination Date will result in the Common Shares held by such intermediaries being converted into post-Split Common Shares of the Corporation.

Any funds not claimed by former Shareholders holding less than 50 Common Shares at the time the Share Capital Amendment becomes effective on or before the sixth anniversary of the Consolidation date shall be returned to the Corporation to be used for general working capital purposes.

### **Certain Income Tax Considerations**

Generally speaking, for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), Shareholders whose small shareholdings are acquired by the Company as a result of the Share Capital Amendment will be deemed to have received a taxable dividend equal to the amount by which the cash payable to the Shareholder exceeds the paid up capital of such Shareholders' Common Shares. The paid up capital per Common Share will be determined by the Corporation prior to the date of the Consolidation. In the case of a Shareholder that is a corporation, in some circumstances, the amount of any such deemed dividend may be treated as proceeds of disposition and not as a deemed dividend. Shareholders who hold their small shareholdings as capital property will also be required to report a capital gain or loss in connection with the Share Capital Amendment. The amount of the deemed dividend (if any) received by a Shareholder will reduce the Shareholders' proceeds of disposition for the Common Shares and consequently reduce the amount of any capital gain or increase the amount of any capital loss. The amount of any increased capital loss cannot be applied to offset the amount of the deemed dividend.

A Shareholder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay the 33 1/3% refundable tax under Part IV of the Tax Act on dividends deemed to be received to the extent that such dividends are deductible in computing the Shareholder's taxable income.

In the case of a Shareholder who is an individual resident in Canada, dividends deemed to be received will be included in computing the holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by a taxable Canadian corporation. A dividend will be eligible for an enhanced gross-up and dividend tax credit if the recipient receives written notice from the Company designating the dividend as an "eligible dividend" within the meaning of the Tax Act. There can be no assurance that any deemed dividends will be an eligible dividend.

Generally, a Shareholder resident in Canada is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Shareholder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the holder in the year.

Allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding years or carried forward and deducted in any subsequent year against net taxable capital gains realized in such years, to the extent and in the circumstances described in the Tax Act.

Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act. A Shareholder that is throughout the year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including taxable capital gains.

The amount of any capital loss realized by a Shareholder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends previously received or deemed to have been received on such Common Share, subject to and in accordance with the provisions of the Tax Act. Similar rules may apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Shareholders to whom these rules may be relevant should consult their own tax advisors regarding these rules.

Shareholders who are not resident in Canada for purposes of the Tax Act will be liable for Canadian withholding tax at the rate of 25% on the amount of any deemed dividend, subject to relief available under the terms of any applicable income tax treaty and will be subject to withholding tax on the full proceeds of any disposition of their shares at the rate of 25% unless they have obtained a clearance certificate pursuant to section 116 of the Tax Act prior to the acquisition of their shares. If such non-residents are U.S. residents they may also be subject to U.S. back up withholding for taxes.

This summary is not applicable to a Shareholder that is a "financial institution" as defined in the Tax Act for the purposes of the "mark-to-market" rules, to a Shareholder that is a "specified financial institution" as defined in the Tax Act, or to a Shareholder an interest in which is, or for whom a Common Share would be, a "tax shelter investment" as defined in the Tax Act. Such Shareholders should consult their own tax advisors.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Shareholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of disposing of their Commons Shares pursuant to the Share Capital Amendment having regard to their own particular circumstances, and any other consequences to them of such transactions under Canadian federal, provincial, territorial or local tax laws and under foreign tax laws.**

### **Rights of Dissenting Shareholders**

Under Section 190 of the CBCA, a registered Shareholder is entitled, in addition to any other right such holder may have, to dissent and to be paid by the Corporation the fair value of the Common Shares held by such holder in respect of which such holder dissents, determined as of the close of business on the last business day before the day on which the resolution from which such holder dissent was adopted.

A Shareholder who wishes to dissent in respect of the Share Capital Amendment (a "**Dissenting Shareholder**") must send to the Corporation care of Computershare, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, to be received not later than the termination of the Meeting or any adjournment thereof, a written notice of objection to the Share Capital Amendment (a "**Dissent Notice**"). A Dissenting Shareholder must not vote in favour of the approval of the Share Capital Amendment. While the filing of a Dissent Notice does not deprive a Shareholder of the right to vote against the Share Capital Amendment, the CBCA does not provide, and the Corporation will not assume, that a vote against the Share Capital Amendment or an abstention by a Shareholder from voting in respect of the Share Capital Amendment at the Meeting constitutes a Dissent Notice. However, a Shareholder need not vote his or her Common Shares against the Share Capital Amendment in order to dissent.

The CBCA does not provide for a right of partial dissent. As a result, a Dissenting Shareholder may only dissent with respect to all of the Common Shares held on behalf of any one beneficial owner and registered in the name of the Dissenting Shareholder. If the Share Capital Amendment is adopted, the Corporation is required to give written notice of the adoption within 10 days to each Shareholder who has filed a Dissent Notice. However, the Corporation is not required to give such notice to any Shareholder who is in favour of the approval of the Share Capital Amendment or who has withdrawn his or her Dissent Notice.

Not later than 20 days after receipt of notice that the Share Capital Amendment has been adopted or, if he or she does not receive such notice, not later than 20 days after he or she learns that such resolution has been adopted, a Dissenting Shareholder must deliver written notice to the Corporation setting out his or her name and address, the number of Common Shares in respect of which he or she has dissented and a demand for payment of the fair value of such Common Shares (a **“Payment Demand”**).

In addition, not later than 30 days after sending a Payment Demand, the Dissenting Shareholder must send to the Corporation or its transfer agent the certificates representing the Common Shares in respect of which he or she has dissented. If a Dissenting Shareholder fails to send to the Corporation or its transfer agent the certificates representing the Common Shares in respect of which he or she has dissented within 30 days of delivering a Payment Demand, the Dissenting Shareholder forfeits his or her right to make a claim in accordance with Section 190 of the CBCA. The Corporation or its transfer agent will endorse on any share certificates validly received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will forthwith return the share certificates to the Dissenting Shareholder.

On sending a Payment Demand to the Corporation, a Dissenting Shareholder ceases to have any rights as a shareholder of the Corporation, other than the right to be paid the fair value of his or her Common Shares as determined pursuant to Section 190 of the CBCA, except where:

- (a) the Dissenting Shareholder withdraws his or her Payment Demand before the Corporation makes an offer to him or her pursuant to the CBCA;
- (b) the Corporation fails to make an Offer to Pay (as hereinafter described) and the Dissenting Shareholder withdraws his or her Payment Demand; or
- (c) the Share Capital Amendment does not proceed;

in any of which cases the rights of the Dissenting Shareholder as a shareholder of the Corporation are reinstated as of the date he or she sent the Payment Demand to the Corporation.

The Corporation is required, not later than seven days after the later of the effective date of the Consolidation or the date on which the Corporation received the Payment Demand of a Dissenting Shareholder, to send to each such shareholder who has sent a Payment Demand a written offer to pay (**“Offer to Pay”**) for his or her Common Shares an amount considered by the Board of Directors to be the fair value thereof, on the close of business on the day before the Share Capital Amendment is adopted, accompanied by a statement showing the manner in which the fair value was determined. Every Offer to Pay must be made on the same terms. The Corporation must pay for the Common Shares of a Dissenting Shareholder not later than 10 days after an Offer to Pay has been accepted by a Dissenting Shareholder, but any such Offer to Pay lapses if the Corporation does not receive an acceptance thereof within 30 days after the Offer to Pay has been made.

If the Corporation fails to make an Offer to Pay for a Dissenting Shareholder’s Common Shares, or if a Dissenting Shareholder fails to accept an Offer to Pay which has been made, the Corporation may, not later than 50 days after the effective date of the Consolidation or within such further period as a court may allow, apply to a court having jurisdiction in the place where the Corporation has its registered office or in the province where such Dissenting Shareholder resides if the Corporation carries on business in that province, to fix a fair value for the Common Shares of Dissenting Shareholders. If the Corporation fails to apply to a court within such period, a Dissenting Shareholder may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to a court, all Dissenting Shareholders whose Common Shares have not been purchased by the Corporation will be joined as parties and bound by the decision of the court, and the Corporation will be required to notify each affected Dissenting Shareholder of the date, place and consequences of the application and of his or her right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine whether any other Dissenting Shareholder should be joined as a party, and the court will then fix a fair value for the Common Shares of all Dissenting Shareholders who have not accepted an Offer to Pay. The final order of a court will be rendered against the Corporation in favour of each such Dissenting Shareholder and for the amount of the fair value of his or her Common Shares as fixed by the court. The court may, in its discretion, allow interest to apply at a

reasonable rate to the amount payable to each such Dissenting Shareholder from the date the Share Capital Amendment becomes effective until the date of payment.

**The above is only a summary of the dissenting shareholder provisions of the CBCA, which are detailed and complex, and this summary is qualified in its entirety by the reference to the full text of Section 190 of the CBCA, which is attached to this Information Circular as Appendix "A". Any Shareholder who wishes to utilize the dissent rights provided by the CBCA should seek individual legal advice, given that the failure to comply strictly with the provisions of the CBCA may prejudice the right of dissent.**

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, there were no material interests, direct or indirect, of directors and senior officers of the Corporation, nominees for director, any shareholder who beneficially owns directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares of the Corporation or any other Informed Person (as defined in National Instrument 51-102), or any known associate or affiliate of such persons in any transaction since the commencement of the Corporation's last completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

On July 31, 2008 the Corporation completed the acquisition of Alaris Income Growth Fund L.P. ("**Alaris LP**") (the "**Acquisition**"). In connection with the Acquisition the Corporation issued 3,111,111 Common Shares and paid \$51,500,000 in cash to entities owned or controlled by Clay Riddell, a director of the Corporation, in exchange for \$83,500,000 of Alaris LP's subordinated debt and 750,000 units of Alaris LP. In addition, the Corporation issued 266,666, 166,667 and 233,332 Non-Voting Shares, respectively, to Stephen King, the President and a director of the Corporation, Darren Driscoll, the Chief Financial Officer of the Corporation and Stephen Reid, Vice President, Business Development of the Corporation, in exchange for the 666,667 shares of Alaris IGF Corp., the general partner of Alaris LP, held by them.

#### **OTHER MATTERS**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Special Meeting of Shareholders. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

#### **ADDITIONAL INFORMATION**

Additional information respecting the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information respecting the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Security holders can access this information on SEDAR or by request to the Chief Financial Officer of the Corporation at the following address:

ALARIS ROYALTY CORP.  
125 – 101 – 6th Street S.W.  
Calgary, Alberta T2P 5K7

Facsimile: (403) 228-0906

#### **EFFECTIVE DATE**

The effective date of this Information Circular is September 15, 2008.

#### **APPROVAL**

The contents and the sending of this information circular have been approved by the Board of Directors.

## APPENDIX "A"

### DISSENT PROVISIONS SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

#### Right to dissent

190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

#### Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

#### If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

#### Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

#### No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

#### Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

**Notice of resolution**

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

**Demand for payment**

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (g) the shareholder's name and address;
- (h) the number and class of shares in respect of which the shareholder dissents; and
- (i) a demand for payment of the fair value of such shares.

**Share certificate**

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

**Forfeiture**

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

**Endorsing certificate**

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

**Suspension of rights**

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

**Offer to pay**

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

**Same terms**

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

**Payment**

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

**Corporation may apply to court**

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

**Shareholder application to court**

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

**Venue**

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

**No security for costs**

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

**Parties**

(19) On an application to a court under subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
- (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

**Powers of court**

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

**Appraisers**

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

**Final order**

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

**Interest**

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

**Notice that subsection (26) applies**

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

**Effect where subsection (26) applies**

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

**Limitation**

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.