

**ALARIS ROYALTY CORP.**

**NOTICE OF ANNUAL GENERAL MEETING  
OF COMMON VOTING SHAREHOLDERS**

**TO: THE COMMON VOTING SHAREHOLDERS OF ALARIS ROYALTY CORP.**

**AND TO: THE NON-VOTING COMMON SHAREHOLDERS OF ALARIS ROYALTY CORP.**

TAKE NOTICE that the Annual General Meeting (the "**Meeting**") of the common voting shareholders (the "**Shareholders**") of Alaris Royalty Corp. ("**Alaris**" or the "**Corporation**") will be held at the Hyatt Regency Hotel, Neilson 1 Room, 700 Center Street SE, Calgary, Alberta, on the 1<sup>st</sup> day of June, 2009 at 3:00 p.m. (Calgary time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2008 and the auditors' reports thereon;
2. to fix the number of directors to be elected at the Meeting at seven (7) members;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint the auditors of the Corporation and to authorize the directors to fix their remuneration as such; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment(s) thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying and forming part of this Notice.

Shareholders of Alaris who are unable to attend the Meeting to be held June 1, 2009 in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to, or deposit it with, the President and Chief Executive Officer, c/o Computershare Trust Company of Canada, 9<sup>th</sup> Floor, 100 University Avenue Toronto, Ontario M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the above address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof.

The board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") has fixed the record date for the Meeting at the close of business on April 23, 2009 (the "**Record Date**"). Only Shareholders of the Corporation of record as at that date are entitled to receive notice of and vote at the Meeting.

DATED at Calgary, Alberta, this 23 day of April, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Stephen King*"  
President and Chief Executive Officer

**ALARIS ROYALTY CORP.**  
**INFORMATION CIRCULAR**  
**FOR THE ANNUAL GENERAL MEETING OF COMMON VOTING SHAREHOLDERS**  
**TO BE HELD ON JUNE 1, 2009**

**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 Annual General Meeting of the common voting shareholders (the "Shareholders") of the Corporation (the "Meeting") to be held on June 1, 2009 at 3:00 p.m. (Calgary time) at the Hyatt Regency Hotel, Neilson 1 Room, 700 Center Street SE, Calgary, Alberta, and at any adjournment(s) thereof, for the purposes set forth in the Notice of Annual General Meeting of Shareholders. Instruments of Proxy must be received by the President and Chief Executive Officer of the Corporation c/o Computershare Trust Company of Canada, 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 April 23, 2009 (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.

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 Annual General 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 April 23, 2009, 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 the election of directors and as disclosed herein.

### VOTING SECURITIES AND PRINCIPAL HOLDERS

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of non-voting common shares (the "**Non-Voting Shares**"). As at April 23, 2009, 8,460,337

Common Shares and 666,665 Non-Voting Shares of the Corporation were issued and outstanding. Each Common Share carries the right to one vote on each resolution voted on at the Meeting. A quorum for the transaction of business at the Meeting will be present if two persons are present holding or representing by proxy in the aggregate not less than 5% of the shares entitled to be voted 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 shall be entitled to receive dividends as and when declared by the Board 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 shall be 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, 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 Common Shares Legally and Beneficially Owned	Percentage of Outstanding Common Shares
Clayton H. Riddell	3,075,000	33.7%

## MATTERS TO BE ACTED UPON AT THE MEETING

### Financial Statements and Auditor's Report

The audited financial statements and auditor's report of the Corporation for the fiscal year ending December 31, 2008, which have been sent to Shareholders, will be received and considered at the Meeting.

## Fixing Number of Directors

At the Meeting, it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the Articles and By-laws of the Corporation, be fixed at seven (7). **Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as a proxy, to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at seven (7), subject to amendment between annual meetings by the Board of Directors.** The fixing of the number of directors at seven (7) must be approved by a simple majority of the votes cast at the meeting in person or by proxy.

## Election Of Directors

There are currently seven (7) directors of the Corporation, each of whom retires from office at the Meeting. **Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as a proxy, to vote proxies in the accompanying form in favour of an ordinary resolution electing as directors the seven (7) nominees hereinafter set forth:**

Jack C. Lee (Chairman)  
Clayton H. Riddell  
E. Mitchell Shier  
Mary C. Ritchie  
John P.A. Budreski  
Stephen King  
Gary Patterson

The election of a director must be approved by a simple majority of the votes cast at the meeting in person or by proxy. The names and municipalities of residence of the persons nominated for election as directors, the number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which each exercises control or direction, the offices held by each in the Corporation, the period served as director and the principal occupation of each are as follows:

Name and Jurisdiction of Residence	Number of Common Shares, Non-Voting Shares, Options and RSUs Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
Jack C. Lee <sup>(2)</sup> Calgary, Alberta Canada	95,000 Common Shares 18,750 RSUs	2008	Mr. Lee is President of Facet Resources Ltd., a private investment company. In May 2008 he became Chairman of Sprott Inc., prior thereto he was Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee is also on the board of Ithaca Energy Inc. and three private oil and gas companies, Gryphon Petroleum Corp., Darian Resources Ltd. and CanEra Resources Inc. Mr. Lee has a Bachelor of Arts and a Bachelor of Commerce.
Clayton H. Riddell <sup>(3)</sup> Calgary, Alberta Canada	3,075,000 Common Shares <sup>(5)</sup> 15,000 RSUs	2008	Mr. Riddell has been the Chairman of the Board and Chief Executive Officer of Paramount Resources Ltd. since 1978. Until June 2002 he was also the President. He is the Chairman of the Board of Paramount Energy Operating Corp., a wholly-owned subsidiary of Paramount Energy Trust, and Trilogy Energy Ltd., a wholly owned subsidiary of Trilogy Energy Trust. Mr. Riddell is a director of Newalta Income Fund and its wholly-owned subsidiary, Newalta Corporation.

Name and Jurisdiction of Residence	Number of Common Shares, Non-Voting Shares, Options and RSUs Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
E. Mitchell Shier <sup>(3)</sup> Calgary, Alberta Canada	15,000 RSUs	2008	Mr. Shier is General Counsel, Corporate Secretary and Manager, Land of Paramount Resources Ltd., which he joined in November, 2008. From 2002 until January 2009 Mr. Shier practiced oil and gas and commercial law as a partner with Heenan Blaikie LLP, (a national law firm) and remains of counsel with that firm. Mr. Shier is also a director of Trilogy Energy Ltd., a wholly-owned subsidiary of Trilogy Energy Trust.
Mary C. Ritchie <sup>(2)</sup> Edmonton, Alberta Canada	15,000 RSUs	2008	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants, and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is the Chairman of the Audit Committees of RBC Funds Inc., RBC Advisor Global Fund Inc., and Isotechnika Inc. She is also a member of the Board of Directors of Industrial Alliance Ltd. and Isotechnika Inc.
John P.A. Budreski <sup>(3)</sup> Toronto, Ontario Canada	47,691 Common Shares 15,000 RSUs	2008	On March 23, 2009, Mr. Budreski became a Managing Director with Cormark Securities Inc. Prior thereto Mr. Budreski was an independent businessman and also Advisor – Special Projects with Tricor Pacific Capital, Inc., a private equity firm based in Vancouver, British Columbia. Prior thereto, Mr. Budreski was the Chief Executive Officer of Orion Securities Inc. prior to its sale to the Macquarie Group. Prior thereto, Mr. Budreski was a Managing Director at Scotia Capital Inc.
Stephen King Calgary, Alberta Canada	80,800 Common Shares 266,667 Non-Voting Shares 90,000 Options 120,000 RSUs	2008	Prior to joining the Corporation in July 2008, Mr. King was and continues to be the President and Chief Executive Officer of Alaris IGF Corp. and its predecessor since April 2004. Prior thereto, Mr. King spent 12 years in the investment banking industry, most recently as director of investment banking for First Associates Investments Inc., a predecessor of Blackmont Capital Inc. He has also held similar positions with Research Capital Corporation from January 1996 to January 2003 and Sprott Securities Inc. from May 1992 to January 1996. Mr. King is a director of Metropolitan Investment Corporation, a private investment company and a director of the general partner of LifeMark Health.

Name and Jurisdiction of Residence	Number of Common Shares, Non-Voting Shares, Options and RSUs Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
Gary Patterson <sup>(2)</sup> Kelowna, British Columbia Canada	3,400 Common Shares 15,000 RSUs	2008	Since June 2003 Mr. Patterson has been the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Prior to June 2003, Mr. Patterson was Executive Vice-President and Chief Financial Officer of Invest Investments Ltd., and its wholly-owned real estate company, Wesbild Holdings Ltd. Mr. Patterson was also Executive Vice President and Chief Financial Officer of Future Shop Ltd., a retailer of consumer electronics products previously listed on the TSX, with broad responsibility for finance, accounting, real estate and public relations. Mr. Patterson is currently a director of EarthFirst Canada Inc., a developer of renewable wind energy projects listed on the TSX. In addition, he was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust. Mr. Patterson received a Bachelor of Commerce from Mount Allison University, New Brunswick. Mr. Patterson is also a Fellow of the Institute of Chartered Accountants of British Columbia. Mr. Patterson also sits on the board of Seaclyff Construction Corp., a diversified construction company providing general contracting and electrical contracting services to public and private sector clients.

## Notes:

- (1) The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Corporation by the respective nominees as at the date of this Information Circular.
- (2) Member of the Corporation's Audit Committee.
- (3) Member of the Corporation's Compensation and Governance Committee.
- (4) Mr. Riddell beneficially owns 3,075,000 Common Shares (33.7% (31.6% on a fully diluted basis) of the outstanding Common Shares). These shares are held through Treherne Resources Ltd., a holding corporation 100% owned by Mr. Riddell and Alaris Commercial Trust, a trust of which Mr. Riddell owns or controls 50% of the outstanding trust units.

**Cease Trade Orders and Bankruptcies**

To our knowledge, other than as disclosed below, no proposed director: (i) is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of an issuer (including the Corporation) that, (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days, (b) was subject to an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer, which resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, or (c) while that person was acting in the capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (ii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; or (iii) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities

regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Mr. Riddell has been a director and officer of Paramount Resources Ltd. ("**Paramount**") in various capacities since 1978. Paramount is, and has been since 1992, the general partner of T.T.Y. Paramount Partnership No. 5 ("**TTY**"), a limited partnership which is an unlisted reporting issuer in certain provinces of Canada. TTY was established in 1980 to conduct oil and gas exploration and development, but has not carried on operations since 1984 and currently has nominal assets. A cease trade order against TTY was issued by the Autorité des Marchés Financiers in 1999 for failing to file the June 30, 1998 interim financial statements in Quebec. The Autorité des Marchés Financiers revoked the cease trade order against TTY on April 9, 2008. TTY had received exemptions from filing interim financial statements in Alberta in 1985 and in Manitoba and Ontario in 1986 due to its inactive status but did not receive a similar exemption from the Autorité des Marchés Financiers at that time. The limited partners of TTY voted in favour of dissolving TTY on May 20, 2008 at a Special Meeting of the limited partners.

John Budreski and Gary Patterson are currently directors of EarthFirst Canada Inc. ("**EarthFirst**"). EarthFirst is engaged in the development of wind energy projects. On November 4, 2008 EarthFirst obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") pursuant to an order granted on November 4, 2008 by the Court of Queen's Bench of Alberta. The CCAA filing followed a review of EarthFirst strategic alternatives by a Special Committee of EarthFirst's board of directors. Since making the CCAA filing, EarthFirst has taken steps to cease operations, sell its primary assets and negotiate settlements with its creditors. EarthFirst expects to complete this process by the third quarter of 2009.

### **Appointment of Auditors**

**Unless otherwise directed, it is the intention of the persons named in the accompanying form of proxy, if named as a proxy, to vote in favour of an ordinary resolution to re-appoint the firm of KPMG LLP to serve as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors to fix the remuneration as such.** KPMG LLP have been the Corporation's auditors since July 31, 2008. The appointment of KPMG LLP as the auditors of the Corporation must be approved by a simple majority of the votes cast at the Meeting, in person or by proxy.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Role and Composition of the Compensation & Governance Committee**

The Corporation's executive compensation program is administered and overseen by the Compensation & Governance Committee ("**C&G Committee**") of the Board. The C&G Committee's mandate includes reviewing and making recommendations to the Board in respect of compensation matters relating to the Corporation's executive officers, employees and directors, including the "named executive officers" which are identified in the "*Summary Compensation Table*" below. During the year ended December 31, 2008 the C&G Committee was comprised of E. Mitchell Shier (Chairman), John P.A. Budreski and Clayton H. Riddell. All of these directors are "independent" for the purposes of National Instrument 58-201 – *Corporate Governance Guidelines*. See also "*Corporate Governance Disclosure – Compensation*" below for a further description of the duties and responsibilities of the C&G Committee.

### **Compensation Discussion and Analysis**

#### *Principles and Objectives*

The Corporation's executive compensation program is based on a "pay-for-performance" philosophy which supports Alaris' commitment to delivering continuous strong performance for its Shareholders. The program is designed to (i) align the interests of executives with those of the Shareholders; (ii) promote corporate performance; and (iii) recognize that the Corporation's performance is dependent upon highly trained, experienced and committed executive officers who have the necessary skill sets, education, experience and personal qualities required to manage Alaris' business to the benefit of its Shareholders. The C&G Committee also recognizes that the executive

compensation program of Alaris must be sufficiently flexible to adapt to unexpected developments within its industry and extraordinary internal and market-related occurrences.

When determining and assessing executive compensation, including the evaluation of the competitiveness of the Corporation's compensation program, Management and the C&G Committee review the compensation practices of companies in its selected peer group.

Under Alaris' executive compensation program, executives are evaluated on both corporate and individual performance. Corporate performance is generally measured and evaluated by Total Cash Available for Distributions per Share (as defined herein). Individual performance is generally evaluated based on individual expertise, leadership and achievement of personal performance goals and objectives as well as individual contribution to corporate performance.

### ***Elements of the Executive Compensation Program***

The Corporation's executive compensation program consists of the following principal elements: base salary; incentives in the form of options ("**Options**") and restricted share units ("**RSUs**"); benefits and perquisites. In addition, annual bonuses are payable at the sole discretion of the Board. As of the date of this Information Circular no bonuses have been paid to any executive officers of the Corporation.

#### *Base Salary*

The base salary paid to an executive is intended to provide a fixed level of competitive compensation for discharging the specific duties and responsibilities of an executive officer. The C&G Committee considers a number of factors in the determination of base salaries for executive officers, including, generally, the level of experience and expertise; education; position with the Corporation and the level of responsibility and required skill set attributed thereto; corporate and personal performance; time commitments; and market factors.

#### *Option Plan*

Effective July 31, 2008 the Corporation implemented an option plan (the "**Option Plan**"). The Option Plan enables the Board to issue Options to officers, directors, employees of and consultants and service providers to the Corporation or a subsidiary thereof ("**Optionees**"). Pursuant to the terms of the option agreements entered into with each Optionee, all currently issued and outstanding Options vest as to 1/4 on the 1st anniversary of the grant and thereafter as to 1/4 on each of the second, third and fourth anniversaries of the grant. The Shareholders of the Corporation approved the Option Plan on July 31, 2008. Please see "*Incentive Plans – Option Plan*" below for a more detailed description of the Option Plan.

The Option Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance Shareholder value by furthering the Corporation's growth and profitability.

The Board has determined that Options will generally be awarded upon the commencement of an executive's employment with the Corporation and will be based on the executive's level of responsibility within the Corporation, education, experience and skill set. Additional grants may be made periodically and will be based on the individual's level of ongoing responsibility, time commitments, experience, skill set, contribution to corporate performance, as well as the overall competitiveness of the executive compensation package. Options were issued under the Option Plan to officers and employees of the Corporation effective October 29, 2008.

#### *Restricted Share Unit Plan*

Effective July 31, 2008 the Corporation implemented a restricted share unit plan (the "**RSU Plan**") for officers, directors, employees, consultants and other eligible service providers of the Corporation and any subsidiary thereof who provide services to the Corporation ("**Service Providers**"). Each RSU, upon vesting, provides the Service Provider with the right to receive one (1) Common Share of the Corporation for no additional consideration (an "**RSU Share**"), subject to adjustments as provided in the RSU Plan, upon the satisfaction of certain vesting

conditions. All of the currently issued and outstanding RSUs granted to executive officers and employees of the Corporation currently are subject to the following performance vesting criteria and schedule:

- (a) three (3) years from the date of grant, 1/4 of the RSUs vest and the RSU Shares issuable pursuant to such RSUs shall be issued to the executive;
- (b) on the date in 2012 that the Board approves the financial statements for the Corporation's fiscal year ended December 31, 2011, 1/4 of the RSUs will vest and the RSU Shares issuable pursuant to such RSUs shall be issued to the executive if the Corporation's Total Cash Available for Distributions per Share is at least \$4.65 at December 31, 2011;
- (c) on the date in 2012 that the Board approves the financial statements for the Corporation's fiscal year ended December 31, 2011, 1/4 of the RSUs will vest and the RSU Shares issuable pursuant to such RSUs shall be issued to the executive if the Corporation's Total Cash Available for Distributions per Share is at least \$4.74 at December 31, 2011; and
- (d) on the date in 2012 that the Board approves the financial statements for the Corporation's fiscal year ended December 31, 2011, 1/4 of the RSUs will vest and the RSU Shares issuable pursuant to such RSUs shall be issued to the executive if the Corporation's Total Cash Available for Distributions (as defined below) per Share is at least \$4.89 at December 31, 2011.

For these purposes, "**Total Cash Available for Distribution per Share**" means the Corporation's aggregate net income before income taxes for the three financial years ending December 31, 2011, as set out in the Corporation's published annual audited consolidated financial statements for such three year period, which financial statements will be prepared in accordance with Canadian generally accepted accounting principles, or such other accounting principles as the Corporation may be permitted to employ under securities laws applicable to it ("**GAAP**"), divided by the weighted average number of Shares issued and outstanding in the share capital of the Corporation over such three year period, and provided that for the purposes of calculating such net income, and notwithstanding any GAAP provision to the contrary:

- (a) Revenues will include:
  - (i) All royalties and distributions from businesses to which the Corporation provides alternative financing;
  - (ii) Interest income from treasury bills and term deposits; and
  - (iii) Any other income earned by the Corporation.
- (e) Expenses will include:
  - (i) All general and administrative expenses of the Corporation;
  - (ii) All banking fees paid by the Corporation for regular banking and borrowing;
  - (iii) All interest payments on the Corporation's senior debt facilities and sub-debt facilities;
  - (iv) All fees paid by the Corporation for alternative financing structures offered to the Corporation;
  - (v) All legal and financial due diligence expenses of the Corporation for transactions that do not close;

- (f) Expenses will not include:
- (i) Extraordinary non-recurring items outside of the control of management of the Corporation (for example, expenses incurred by the Corporation for repurchasing odd-lot shares in 2008 would not be included in this calculation);
  - (ii) Non-cash accounting entries (for example, stock-based compensation expenses would not be included in this calculation).

The concept of Total Cash Available for Distribution as a measure for the RSU vesting conditions was implemented to encourage the executives of the Corporation to enhance the long-term performance of the Corporation. In this regard, the C&G Committee determined that it was appropriate to exclude certain items over which the executives may not have any reasonable control over from the calculation of Total Cash Available for Distribution.

In addition, in the event that a dividend is declared and paid on the Common Shares, pursuant to the terms of the RSU Plan participants shall be entitled to receive a Dividend Entitlement (as defined in "*Incentive Plans*" below).

Similar to the Option Plan, the RSU Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance Shareholder value by furthering the Corporation's growth and profitability, thereby promoting corporate and individual performance. RSUs were issued under the RSU Plan to directors, officers and employees of the Corporation effective October 29, 2008.

#### *Benefits and Perquisites*

Each NEO (as defined below) is entitled to participate in the Corporation's group benefit plan (the "**Benefit Plan**"). However, there is no differentiation in the benefits coverage provided for a NEO and those provided for non-executive employees of the Corporation. In addition to participation in the Benefit Plan, each NEO (and all other non-executive employees) is entitled to an additional health spending account of \$2,000 per year and a paid parking stall. Pursuant to the terms of the Benefit Plan NEOs (and all other non-executive employees) are provided a base coverage for life insurance in the amount of \$25,000 and have the option of applying for additional life insurance coverage equal to two times the person's annual salary, the premiums of which are paid for by the Corporation. For 2008, only Stephen King and Darren Driscoll had elected to apply for the additional coverage.

#### *Annual Bonus*

Although the Corporation has not implemented a formal bonus plan, executive officers may be eligible for a discretionary annual bonus. Annual bonuses are payable in cash at the sole discretion of the Board. The amount of an annual bonus paid, if any, is not set in relation to any formula or specific criteria but is the result of a subjective determination by the C&G Committee based primarily on the Corporation's performance over the applicable twelve month period and the individual's contribution to that performance. As of the date of this Information Circular no bonuses have been paid.

#### **Performance Graph**

The Corporation has not included a performance graph herein as the Common Shares have not been listed and posted for trading for a complete financial year.

#### **Summary Compensation Table**

The following table sets forth for the year ended December 31, 2008 information concerning the compensation paid to our Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, at the end of the year ended December 31, 2008 whose total compensation was more than \$150,000 (each a "**Named Executive Officer**" or "**NEO**" and collectively, the "**Named Executive Officers**" or "**NEOs**").

(a) Name and principal position	(b) Year	(c) Salary (\$)	(d) Share-based awards: RSUs <sup>(3)</sup> (\$)	(e) Option-based awards <sup>(4)</sup> (\$)	(f) Non-equity incentive plan compensation (\$)		(g) Pension value (\$)	(h) All other compensation <sup>(5)(6)</sup> (\$)	(i) Total compensation <sup>(7)</sup> (\$)
					Annual incentive plans	Long-term incentive plans			
Stephen King Chief Executive Officer	2008	210,000 <sup>(1)</sup>	1,440,000	111,240	-	-	-	28,800	1,790,040
Darren Driscoll Chief Financial Officer	2008	183,750 <sup>(1)</sup>	1,080,000	83,430	-	-	-	21,600	1,368,780
Stephen Reid Vice President Business Development	2008	105,000 <sup>(1)</sup>	432,000	33,372	-	-	-	8,640	579,012
Rachel Colabella General Counsel & Corporate Secretary	2008	33,333 <sup>(2)</sup>	126,000	12,978	-	-	-	2,520	174,831
Sherri Neldner Vice President	2008	35,427 <sup>(2)</sup>	163,800	16,871	-	-	-	1,628	217,726

## Notes:

- (1) This amount is based on the total annualized salary that was paid to the NEO by the Corporation or its predecessor prior to the Corporation's acquisition of Alaris Income Growth Fund LP on July 31, 2008.
- (2) This amount represents the total salary paid to Ms. Colabella & Ms. Neldner in the fiscal year ending December 31, 2008. Ms. Colabella commenced employment with the Corporation on September 1, 2008. Had Ms. Colabella commenced employment on January 1, 2008 she would have received a salary of \$100,000 for 2008. In addition, Ms. Neldner returned from maternity leave on September 1, 2008 and worked for the Corporation on an as-needed basis after returning from maternity leave. Beginning December 1, 2008, Ms. Neldner's annualized salary was reduced to \$25,000 per year, to reflect ongoing time commitments and needs of the Corporation.
- (3) The amount shown is based on the grant date fair value of RSUs awarded under the RSU Plan to the executive officers noted above. The grant date fair value for compensation purposes was calculated based upon the deemed market price of the Common Shares on the date the RSUs were granted and assuming that the Corporation would satisfy all of the vesting conditions for the currently issued and outstanding RSUs. The fair market value of the Common Shares on the date the RSUs were granted was \$12.00, which value was determined based upon the deemed issue price of Common Shares pursuant to the private placement of subscription receipts of the Corporation that closed on July 17, 2008 (the "**Private Placement**"). As the Corporation's Common Shares were not trading on any recognized stock exchange at the time the RSUs were granted, it was determined that the \$12.00 value was the most reasonable estimate of the fair value for the purposes of granting the RSUs. However, the value of an RSU to be recognized by the executive officer for income tax purposes on the date an RSU vests will be the fair market value of the Common Shares on such date and can therefore fluctuate from the grant date fair value used to calculate the value disclosed in the table above. As of the date of this Information Circular, no RSUs have vested.
- (4) The amount shown is based on the grant date fair value of Options granted under the Option Plan to the executive officers noted above. The grant date fair value for compensation purposes is calculated using Black Scholes Option pricing methodology, using the following assumptions: a five year term for the options; a four year vesting period; a risk free interest rate of 2.73%; a dividend yield of 12%; and a 38% volatility in share price. The value of the Options disclosed in the table above can fluctuate from the imputed value derived under the Black Scholes method of evaluation. As at December 31, 2008 all of the currently issued and outstanding Options were out of the money and consequently had no attributed value.
- (5) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for the financial year.
- (6) This amount represents the value of Dividend Entitlements received by the NEO during the fiscal year ending December 31, 2008, pursuant to the RSU Plan. The value of a Dividend Entitlement is determined by multiplying the amount of a dividend declared and paid per Common Share by the number of RSUs recorded in a participant's account on the dividend record date.
- (7) No compensation paid to Mr. King reflected in this column was paid to him in his capacity as a Director of the Corporation.

## Incentive Plans

### *Stock Options*

The Corporation has an Option Plan which permits the granting of Options to purchase Common Shares, (the "**Option Shares**") to Optionees. The number of Option Shares reserved for issuance on exercise of Options, within a one year period, to any one Optionee shall not exceed 5% of the outstanding Corporation Shares. The Option Plan limits the total number of Option Shares that may be issued on exercise of Options outstanding at any time under the Option Plan to 10% of the number of outstanding Common Shares and Non-Voting Shares (the "**Corporation Shares**"), less the number of Option Shares issuable pursuant to issued and outstanding RSUs (as defined below) under the Corporation's RSU Plan. Any increase in the issued and outstanding Corporation Shares (whether as a result of the exercise of options or otherwise) will result in an increase in the number of Option Shares that may be issued on exercise of options outstanding at any time and any increase in the number of options granted, upon exercise, makes new grants available under the Option Plan. Options that are cancelled, terminated or expire prior to the exercise of all or a portion thereof shall result in the Option Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Option Plan. As of the date of this Information Circular, no Options have been exercised. Options to purchase 195,000 Common Shares (2.3% of the outstanding Common Shares equal to 2.1% of the outstanding Corporation Shares, as at April 21, 2009) are outstanding and 29,419 Common Shares (0.35% of the outstanding Common Shares and 0.32% of the outstanding Corporation Shares, as at April 21, 2009) are available for future grants based on the number of outstanding Corporation Shares as at October 31, 2008.

Options granted pursuant to the Option Plan have a term as determined by the Board at the time of grant, subject to the rules of the TSX or any other stock exchange or other regulatory body having jurisdiction over the Corporation, but shall not exceed a term of five years. Options shall be personal to each Optionee and shall not be assignable or transferrable. The exercise price of Options granted pursuant to the Option Plan is determined by the Board at the time of grant and may not be less than the volume weighted average trading price ("**VWAP**") on the TSX for the five (5) trading days immediately preceding the grant date, provided that if the five (5) day VWAP does not accurately reflect the current market price of the Common Shares, the TSX may adjust the VWAP based on relevant factors determined by the TSX. If the Common Shares are not then listed and posted for trading on a stock exchange the exercise price shall be determined by the Board in its sole discretion acting reasonably and in good faith.

Vesting is determined by the Board. The Option Plan allows the Board, in its sole discretion, to accelerate the vesting of Options following their initial grant at any time including, without limitation, in the event of death, the occurrence of any other event giving rise to the termination of a director or officer or individual in the employ of, or providing ongoing management or consulting services to the Corporation, or in connection with a change of control (as such term may be determined by Board and which shall include a business combination or other transaction where a person or persons acting jointly or in concert acquire greater than 50% of the outstanding Common Shares).

Unless otherwise determined by the Board or unless otherwise provided in a written option agreement, employment, consulting or other agreement governing an Optionee's role as an Optionee: (i) if an Optionee ceases to be an Optionee (other than by reason of death) the optionee will have a period of 90 days following the date the optionee ceased to be a director, officer, employee or consultant to exercise Options held to the extent that the optionee was entitled to exercise the Options as the date of such cessation; and (ii) upon death of the optionee, the Options shall terminate on the date of death, unless the Optionee was an Optionee at least one year following the date of grant of the Options in question, in which case the Options shall terminate on the earlier of the date that is six months following the date of death and the expiry date of the Option.

Except if not permitted by the TSX, if any Options may not be exercised due to any Black-Out Period at any time within the three business day period prior to the normal expiry date of such Options (the "**Restricted Options**"), the expiry date of all Restricted Options shall be extended for a period of seven business days following the end of the Black-Out Period (or such longer period as permitted by the TSX and approved by the Board). A "Black-Out Period" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option.

An optionee may make an offer (the "**Surrender Offer**") to the Corporation, at any time, for the disposition and surrender by the Optionee to the Corporation of any Options granted for any amount (not to exceed the fair market value) and the Corporation may, but is not obligated, to accept the Surrender Offer. In the case of a take over bid for the Option Shares of the Corporation, a merger or similar transaction, the Corporation may provide that the Corporation may require the disposition by the Optionee and the termination of any obligation of the Corporation in respect of any Options granted by paying the Optionee in cash the difference between the exercise price of unexercised Options and the fair market value of the securities to which the Optionee would have been entitled upon exercise of unexercised Options on such date.

Upon a subdivision, consolidation or reclassification of the Common Shares of the Corporation, the payment of stock dividends by the Corporation, or other relevant changes in the capital of the Corporation, the Board may make any appropriate equitable adjustments to the number of Common Shares optioned or in the exercise price of such options. In addition, the Board may make any other appropriate amendments to or replacement of outstanding Options in the event of an amalgamation, merger or sale of the whole or substantially the whole of its assets and undertakings for securities of another corporation in order to preserve proportionately the rights and obligations of the participants.

The Corporation has the right to amend from time to time or to terminate the terms and conditions of the Option Plan by resolution of the Board. However, any amendments are subject to the prior consent of any applicable regulatory bodies, including the TSX. In addition, the Board may, by resolution, amend the Option Plan and any Options granted under it without shareholder approval provided however, the Board will not be entitled to amend the Option Plan without shareholder approval: (i) to increase the percentage of Common Shares issuable on the exercise of outstanding Options; (ii) to reduce the exercise price of any outstanding Options; (iii) extend the term of any outstanding Option beyond the original expiry date of such Option; (iv) make any amendments to increase the maximum limit on the number of shares that may be issued to insiders; (v) make any amendment to increase the number of Common Shares issuable on exercise of Options granted to directors who are not officers or employees of the Corporation; (vi) make any amendment to the Option Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of the death of an Optionee; (vii) amend the amendment provisions of the Option Plan; and (viii) in any other circumstances where shareholder approval is required by the TSX. Pursuant to the current requirements of the TSX, disinterested shareholder approval is required for a reduction in the exercise price of options or an extension of the term of options held by insiders.

On November 18, 2008 the Board amended the Option Plan to adjust the minimum exercise price permissible under the plan. Previous to this amendment the exercise price was not to be less than the closing price of the Common Shares on the TSX on the last trading day immediately prior to the date of the grant, or such other price as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject. Pursuant to the amendment the minimum exercise price was changed to the five (5) day VWAP. Pursuant to the terms of the Option Plan shareholder approval was not required for this amendment. On March 11, 2009, the Board approved a second amendment to the Option Plan (the "**Second Amendment**") to provide the Board, or committee thereof, with the sole discretion for determining the period in which Options shall vest and to allow a written option agreement or written employment, consulting or other agreement governing an Optionee's role as an Optionee, to govern the terms upon which an Option shall terminate upon the death of an Optionee or upon the Optionee ceasing to be an Optionee. Pursuant to the terms of the Option Plan shareholder approval was not required for the Second Amendment.

### ***Restricted Share Unit Plan***

The RSU Plan is a discretionary incentive compensation plan to provide Service Providers with the opportunity to acquire Common Shares ("**RSU Shares**") of the Corporation through an award of RSUs. Currently, 256,500 RSUs (3.0% of the outstanding Common Shares and 2.8% of the outstanding Corporation Shares, as at April 21, 2009) have been issued and 212,262 Common Shares are available for future grants based on the number of outstanding Corporation Shares as at October 31, 2008.

In accordance with the terms of the RSU Plan, the Board approves which Service Providers are entitled to participate in the RSU Plan (the "**participants**") and the terms of each award, including the number of RSUs to be awarded to each participant and any acceleration of vesting or waiver of termination of any award. No award may

vest any later than December 15 of the third calendar year following the award date of the corresponding RSU. RSUs awarded to participants are credited to an account that is established on their behalf and maintained in accordance with the RSU Plan. Each RSU awarded conditionally entitles the participant to the delivery of one RSU Share upon attainment of the RSU vesting period. RSUs awarded to participants vest in accordance with terms determined by the Board from time to time, which terms may include certain performance criteria in which the number of RSU Shares to be delivered to a participant in respect of each RSU awarded is dependent upon the Corporation's performance and/or market price of the Common Shares, as determined by the Board. The Board in its sole discretion may permit all unvested awards of RSUs to vest immediately. The Board may delegate its administrative authority under the RSU Plan to a committee of the Board.

At the time that any RSUs are granted under the RSU Plan, the Board will determine whether the RSU Shares to be delivered to participants upon the vesting of such RSUs will be purchased on the open market, issued from treasury or obtained from a combination of market purchases and treasury issuances. RSU Shares issued from treasury are issued from the pool of RSU Shares that are available to be issued under the RSU Plan. The RSU Plan provides that the maximum number of RSU Shares reserved for issuance from time to time pursuant to outstanding RSUs shall not exceed a number of Common Shares equal to 10% of the aggregate of the number of issued and outstanding Corporation Shares, less the number of Common Shares issuable on exercise of outstanding Options pursuant to the Option Plan. To the extent that RSUs are terminated or cancelled prior to the issuance of any RSU Shares, such RSU Shares underlying such award shall be added back to the number of shares reserved for issuance under the RSU Plan and will become available for grant again under the RSU Plan.

The RSU Plan also provides that the number of Common Shares reserved for issuance and which may be issued within a one-year period, pursuant to RSUs granted to insiders (as defined in the *Securities Act* (Ontario)) pursuant to the RSU Plan and all other share compensation arrangements established by the Corporation is limited to 10% of the number of Corporation Shares issued and outstanding, excluding any shares issued pursuant to share compensation arrangements during the immediately preceding one-year period. Furthermore, the number of RSU Shares which may be issued within a one-year period to any one insider and such insider's associates (as defined in the *Securities Act* (Ontario)) pursuant to the RSU Plan and all other share compensation arrangements is limited to 5% of the number of Corporation Shares issued and outstanding, excluding any shares issued pursuant to share compensation arrangements during the immediately preceding one-year period.

Unless otherwise determined by the Board or unless otherwise provided in any written employment agreement governing a participant's role as a Service Provider, if a participant's service with the Corporation terminates for cause or upon a participant's voluntary resignation, or in the event of an involuntary termination without cause of the participant by the Corporation, then all unvested RSUs will automatically terminate. If a participant becomes eligible for long-term disability benefits or is eligible for short term disability or is on approved leave (as determined by the Board), the participant is deemed to continue to be a participant for purposes of the RSU Plan for so long as the benefits or leave continue. Upon a participant's death, all outstanding RSUs held by the participant shall immediately vest and RSU Shares shall become deliverable.

In the event of a change of control (which is defined in the RSU Plan in substantially the same manner as in the Option Plan) the Board may, in its sole discretion, accelerate the vesting of all or a portion of the RSUs granted to all participants.

The RSU Plan provides that in the event that a dividend is declared and paid on the Common Shares, participants in the RSU Plan shall be entitled to receive:

- (a) a cash payment equivalent to the dividend that would have been paid on the Common Shares underlining the RSUs credited to a participant's account had such Shares been outstanding from the date of the grant of the RSU;
- (b) Common Shares in an amount computed by dividing:
  - (i) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of RSUs recorded in such participant's account on the record date for the payment of such dividend, by

- (ii) the fair market value per Common Share on the dividend record date;
- (c) a dividend equivalent in the form of additional RSUs as of the dividend payment date in respect of which dividends are paid on Common Shares, with such dividend equivalent being computed by dividing:
  - (i) the amount obtained by multiplying the amount of dividend declared and paid per Common Share by the number of RSUs recorded in the participant's account on the record date for the payment of such dividend, by the fair market value of the Common Shares on the dividend record date; or
- (d) any combination of (a) (b) or (c) (each of (a)(b) and (c) is a "**Dividend Entitlement**").

Provided that, the Board shall have the sole discretion to determine which Dividend Entitlement or combination thereof, a participant shall receive.

If the RSU Shares to be delivered upon the vesting of RSUs are purchased in the market instead of issued from treasury, after RSUs are awarded to participants and prior to vesting, the Corporation will provide funds to a trust established for the purpose of purchasing on the market, and holding in trust, RSU Shares to be delivered to Canadian participants in exchange for RSUs once the applicable vesting criteria have been met.

Upon a subdivision or consolidation of the RSU Shares or any similar capital reorganization or payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend) or any similar change in the capitalization of the Corporation, the Board may make any appropriate equitable adjustments to the number of shares reserved for issuance under the RSU Plan and to the number of RSU Shares underlying any outstanding award. In addition, the Board may make any other appropriate amendments to or replacement of outstanding RSUs in the event of an amalgamation, combination, merger or other reorganization involving the Corporation in order to preserve proportionately the rights and obligations of the participants. Where the Board determines that the steps described above would not preserve such rights and obligations or otherwise determines it to be appropriate, the Board may permit accelerated vesting and delivery of RSU Shares with respect to outstanding RSUs.

Under no circumstances will RSUs be considered RSU Shares nor shall they entitle the participant to exercise voting rights or any other rights attaching to the ownership of RSU Shares, nor shall any participant be considered the owner of the RSU Shares by virtue of the award of RSUs.

The Corporation has the right to amend from time to time or to terminate the terms and conditions of the RSU Plan by resolution of the Board. However, any amendments are subject to the prior consent of any applicable regulatory bodies, including the TSX. In addition, the Board may, by resolution, amend the RSU Plan, without shareholder approval, provided however, that the Board may not amend the treasury component of the RSU Plan without TSX and shareholder approval: (i) to increase the maximum number of RSU Shares issuable pursuant to the treasury component of the RSU Plan; (ii) to extend the term of an RSU under the treasury component of the RSU Plan held by an insider; or (iii) to increase the maximum limit on the number of securities that may be issued to insiders. Further provided, that the Board will not be entitled to amend either the market or treasury components of the RSU Plan without TSX and shareholder approval to: (a) make any amendment to permit a participant to transfer or assign any RSU to a new beneficial holder, other than as permitted by law; (b) amend the amendment provisions of the RSU Plan; (c) in any other circumstances where the TSX and shareholder approval is required by the TSX.

On November 18, 2008 the Board approved the following amendments to the RSU Plan: (i) the threshold for determining a change of control was increased to 50% from 30%; (ii) the definition of "fair market value" was amended to mean, with respect to any given date, "the higher of (a) the weighted average of the prices at which the Common Shares traded on the TSX for the five (5) trading days on which the Common Shares traded on the TSX immediately preceding such date, and (b) the last offering price per Common Share for an offering of Common Shares approved by the Board", prior thereto, the definition of "fair market value" was "the weighted average of the prices at which the Common Shares traded on the TSX for the five (5) trading days on which traded on the TSX immediately preceding such date"; (iii) the dividend provisions of the RSU Plan were amended to provide for

additional Dividend Entitlements, with such additional Dividend Entitlements, being (a) a cash payment equivalent or (b) the payment of shares (as such Dividend Entitlements are described above), and to provide the Board with the sole discretion to determine which Dividend Entitlement, or combination thereof, a participant shall receive; (iv) the amendment provisions were amended to provide that the Board shall not be entitled to amend the treasury component of the RSU Plan without shareholder approval to increase the maximum limit on the number of securities that may be issued to insiders; (v) the amendment provisions were amended to provide that the Board shall not amend the RSU Plan to permit a participant to transfer or assign any RSU to a new beneficial holder without shareholder approval; and (vi) the amendment provisions were amended to provide that the Board shall not amend the amendment provisions of the RSU Plan without shareholder approval. Pursuant to the terms of the RSU Plan at the time of such amendments, shareholder approval was not required. On March 11, 2009, the Board approved a second amendment to the RSU Plan (the "**Second RSU Amendment**") to provide that upon the occurrence of a change of control of the Corporation, the Board may, in its sole discretion, accelerate the vesting of all or a portion of all RSUs of all participants. Pursuant to the terms of the RSU Plan at the time of such amendment, shareholder approval of the Second RSU Amendment was not required.

### ***Outstanding Share-Based Awards and Option-based Awards***

The following table sets forth for each Named Executive Officer all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2008.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)
Stephen King	90,000	12.00	Oct. 29, 2013	Nil	120,000	1,080,000
Darren Driscoll	67,500	12.00	Oct. 29, 2013	Nil	90,000	810,000
Stephen Reid	27,000	12.00	Oct. 29, 2013	Nil	36,000	324,000
Rachel Colabella	10,500	12.00	Oct. 29, 2013	Nil	10,500	94,500
Sherri Neldner	13,650	12.00	Oct. 29, 2013	Nil	13,650	122,850

Notes:

- (1) Calculated based on the difference between the market price of the securities underlying the options at December 31, 2008 and the exercise price of the options.
- (2) Calculated based on the \$9.00 closing price of the Common Shares on the TSX as of December 31, 2008. The value of an RSU to be recognized by the executive officer for income tax purposes on the date the RSU vests will be the market value of an RSU of the Common Shares on such date and therefore can fluctuate from the price used to calculate the value disclosed in the table above. Please see "*Incentive Plans – RSU Plan*" above for a description of the vesting conditions for the NEOs.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the year ended December 31, 2008 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2008.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(3)</sup> (\$)
Stephen King	Nil	Nil	-
Darren Driscoll	Nil	Nil	-
Stephen Reid	Nil	Nil	-
Rachel Colabella	Nil	Nil	-
Sherri Neldner	Nil	Nil	-

Notes:

- (1) Calculated based on the difference between the market price of the Common Shares underlying the options on the vesting date and the exercise price of the options on the vesting date. As at December 31, 2008 (and as at the date of this Information Circular) all issued and outstanding Options were out of the money.
- (2) As of the date of this Information Circular, no RSUs have vested. Other than the RSU Plan, the Corporation does not have any Share based awards.
- (3) The Corporation does not have any non-equity incentive plans in place for NEOs, other than a discretionary annual bonus structure. As of the date of this Information Circular, no annual bonuses have been paid to executive officers.

### Pension Plan Benefits

The Corporation does not have a pension plan or similar benefit program.

### Termination and Change of Control Benefits

Effective October 29, 2008 the Corporation entered into employment agreements with the following executive officers: Stephen King, Darren Driscoll, Stephen Reid, Rachel Colabella and Sherri Neldner. A summary of the key provisions included in these agreements is provided below.

#### *Termination by the Corporation*

The employment agreements provide that the Corporation may terminate the employment relationship with Messrs. King, Driscoll and Reid at any time without cause by providing the executive with written notice of the termination date ("**Termination Date**"), provided that the Corporation pays the executive a "termination payment" equal to:

- The pro rata base salary earned, but not yet paid, up to and including the Termination Date;
- All vacation pay and expenses due and owing up to and including the Termination Date; and
- A retiring allowance (less required holdings) equal to:
  - if the Termination Date is before the one year anniversary of the start date of the executive's employment with the Corporation or its affiliate, the sum of the following: (i) an amount equal to three-quarters (3/4) of the executive's then base salary; (ii) an amount equal to three-quarters (3/4) of the most recent annual bonus paid, if any, to the executive; and (iii) an amount equal to fifteen (15%) percent of the amount calculated pursuant to (i) and (ii) to compensate the executive for loss of employee benefits; or
  - if the Termination Date is on or after the one year anniversary of the effective date of the employment agreement, the sum of the following: (i) an amount equal to 1.5 times the executive's then base salary; (ii) an amount equal to 1.5 times the most recent annual bonus paid, if any, to the executive; and (iii) an amount equal to fifteen (15%) percent of the amount calculated pursuant to (i) and (ii) to compensate the executive for loss of employee benefits.

Ms. Colabella's and Ms. Neldner's employment agreements contain similar provisions in the event of a termination by the Corporation without cause provided that the formula for calculating the retirement allowance is adjusted as follows:

- (a) if the Termination Date is before the one year anniversary of the start date of the executive's employment with the Corporation or its affiliate (the "**Start Date**"), the sum of the following: (i) an amount equal to one-half (1/2) of the executive's then base salary; (ii) an amount equal to one-half (1/2) of the most recent annual bonus paid, if any, to the executive; and (iii) an amount equal to fifteen (15%) percent of the amount calculated pursuant to (i) and (ii) to compensate the executive for loss of employee benefits; or
- (b) if the Termination Date is on or after the one year anniversary, but before the two year anniversary, of the Start Date, the sum of the following: (i) an amount equal to three quarters (3/4) of the executive's then base salary; (ii) an amount equal to three quarters (3/4) of the most recent annual bonus paid, if any, to the executive; and (iii) an amount equal to fifteen (15%) percent of the amount calculated pursuant to (i) and (ii) to compensate the executive for loss of employee benefits; or
- (c) if the Termination Date is on or after the two year anniversary of the Start Date, the sum of the following: (i) an amount equal to the executive's then base salary; (ii) an amount equal to the most recent annual bonus paid, if any, to the executive; and (iii) an amount equal to fifteen (15%) percent of the amount calculated pursuant to (i) and (ii) to compensate the executive for loss of employee benefits.

In addition, the employment agreements for Messrs. King, Driscoll and Reid and Ms. Colabella and Ms. Neldner provide that in the event of a termination by the Corporation without cause, their Options and RSUs will be handled as follows:

*Share Options*

Any Options that the NEO has been granted, but which have not been previously exercised or have not vested on the date notice is given shall vest and be exercisable as follows:

- (a) If the Termination Date is before the one (1) year anniversary of the Start Date, any Options which would have vested on or before the date which is nine (9) months from the Termination Date shall vest on the Termination Date, provided that such Options shall terminate and become null and void as to any optioned shares not taken up and paid for pursuant hereto on or before the date which is the first to occur of:
  - (i) The expiration of 90 days following the Termination Date; and
  - (ii) The expiration date of the Options granted to the Executive;
- (b) If the Termination Date is after the one (1) year anniversary of the Start Date, any Options which would have vested on or before the date which is eighteen (18) months from the Termination Date shall vest, provided that such Options shall terminate and become null and void as to any optioned shares not taken up and paid for pursuant hereto on or before the date which is the first to occur of:
  - (i) The expiration of 90 days following the Termination Date; and
  - (ii) The expiration date of the Options granted to the Executive;

*RSUs*

The following terms will apply with respect any RSUs that the NEO has been granted (and for these purposes, the terms “First Quarter”, “Second Quarter” “Third Quarter” and “Fourth Quarter” are defined in the NEO’s RSU Agreement with the Corporation):

- (a) If the NEO’s employment is terminated during the first year after the grant of the RSUs, unless forfeited prior to such date:
  - (i) one-third (1/3) of the First Quarter of RSUs granted to the NEO shall vest on the Termination Date and Common Shares corresponding to such vested RSUs shall be delivered to the NEO within twenty (20) business days of the Termination Date;
  - (ii) All of the Second Quarter of RSUs granted to the NEO shall vest on the Termination Date provided the Corporation’s Total Cash Available for Distributions per Share is at least \$1.55 at December 31, 2009, and Common Shares corresponding to such vested RSUs shall be delivered to the NEO within twenty (20) business days of December 31, 2009; and
  - (iii) All other RSUs which do not vest in accordance with this paragraph shall terminate and become null and void;
- (b) If the NEO’s employment is terminated during the second year after the grant of the RSUs, unless forfeited prior to such date:
  - (i) two-thirds (2/3) of the First Quarter of RSUs granted to the NEO shall vest on the Termination Date and Common Shares corresponding to such vested RSUs shall be delivered to the NEO within twenty (20) business days of the Termination Date; and
  - (ii) All of the Second Quarter of RSUs granted to the NEO shall vest on the Termination Date provided the Corporation’s Total Cash Available for Distributions per Share is at least \$3.10 at December 31, 2010, and Common Shares corresponding to such vested RSUs shall be delivered to the NEO within twenty (20) business days of December 31, 2010;
  - (iii) All of the Third Quarter of RSUs granted to the NEO shall vest on the Termination Date provided the Corporation’s Total Cash Available for Distributions per Share is at least \$3.16 at December 31, 2010, and Common Shares corresponding to such vested RSUs shall be delivered to the NEO within twenty (20) business days of December 31, 2010; and
  - (iv) All other RSUs which do not vest in accordance with this paragraph shall terminate and become null and void;
- (c) If the NEO’s employment is terminated during the third year after the grant of the RSUs or at any time thereafter, unless forfeited prior to such date:
  - (i) all of the First Quarter of RSUs granted to the NEO shall vest on the Termination Date and Common Shares corresponding to such vested RSUs shall be delivered to the NEO within twenty (20) business days of the Termination Date;
  - (ii) All of the Second Quarter of RSUs granted to the NEO shall vest on the Termination Date provided the Corporation’s Total Cash Available for Distributions per Share is at least \$4.65 at December 31, 2011, and Common Shares corresponding to such vested

RSUs shall be delivered to the NEO within twenty (20) business days of December 31, 2011;

- (iii) All of the Third Quarter of RSUs granted to the NEO shall vest on the Termination Date provided the Corporation's Total Cash Available for Distributions per Share is at least \$4.74 at December 31, 2011, and Common Shares of the Corporation corresponding to such vested RSUs shall be delivered to the NEO within twenty (20) business days of December 31, 2011;
- (iv) All of the Fourth Quarter of RSUs granted to the NEO shall vest on the Termination Date provided the Corporation's Total Cash Available for Distributions per Share is at least \$4.89 at December 31, 2011, and shares of the Corporation corresponding to such vested RSUs shall be delivered to the NEO within twenty (20) business days of December 31, 2011; and
- (v) All other RSUs which do not vest in accordance with this paragraph shall terminate and become null and void.

The employment agreements provide that the Corporation has the right to terminate the employment relationship with each of Messrs. King, Driscoll and Reid and Ms. Colabella and Ms. Neldner for cause, without prior notice or pay in lieu of notice. For greater certainty in the event of termination for cause the Corporation is only required to pay such executive officer all of the pro rata base salary, vacation pay and expenses owing up to and including the Termination Date, and the Corporation will have no further obligations. In the event of termination for cause all Options and RSUs shall terminate immediately.

#### ***Termination by the Executive***

The employment agreement with each NEO provides that the executive is entitled to terminate the employment relationship with the Corporation at any time, subject to a 90 day notice provision (30 days in the case of Ms. Colabella and Ms. Neldner). In the event of such a termination, the Corporation is not obligated to make a termination payment and shall only be obligated to pay the pro rata base salary, vacation pay and expenses owing up to and including the Termination Date. In the event of such a termination the Options granted to all executives will terminate on the earlier of 90 days from the Termination Date and the expiry date of the Options, provided that the number of Options the executive shall be entitled to receive in such period shall be those Options that the executive was entitled to exercise on the Termination Date. Furthermore, all unvested RSUs shall be forfeited and terminate as of the Termination Date, provided that the Board does have discretion to allow for accelerated vesting.

For a period of 90 days (30 days in the case of Ms. Colabella and Ms. Neldner) following a change of control (as defined below) of the Corporation, Messrs. King, Driscoll and Reid and Ms. Colabella and Ms. Neldner shall have the right to elect to terminate their employment agreements and their employment relationship with the Corporation upon 7 days written notice of the Termination Date. Upon exercise of this right, the executive will be entitled to a termination payment, to be paid within 20 business days of the Termination Date, in an amount equal to the termination payment to be paid by the Corporation to an executive for termination without cause, described above. See "*Termination and Change of Control Benefits – Termination by the Corporation*". In the event of a change of control (as defined in the Option and RSU Plans), the Board may, at its sole discretion, accelerate the vesting of all or a portion of the Options and RSUs.

#### ***Non-Solicitation and Non-Compete Provisions***

The employment agreements with each NEO provide that for a period of one year following the Termination Date the executive will not, regardless of the reason for cessation of employment, either alone or jointly with or as a manager, advisor, partner, investor, agent, consultant or employee of any person, firm or company, directly or indirectly, carry on or be engaged in the business of providing alternative financing for private businesses in exchange for royalties or distributions from such private businesses, or any activity in pursuit of engaging in such business anywhere within North America. In addition, the employment agreements provide that for a period of two

years following the Termination Date each NEO will not, regardless of the reason for cessation of employment, on its own behalf or on behalf of any other person, firm or company, directly or indirectly, endeavour to entice or induce away from the Corporation or any of its affiliates, any person who is an employee, consultant or Shareholder of the Corporation and its affiliates.

***Termination Payments as of December 31, 2008***

In the event of a termination or change of control having occurred effective December 31, 2008 the total termination payments that would have been received by each of the Named Executive Officers pursuant to the applicable executive employment agreement described above is indicated below:

***Stephen King:***

Benefits and Payments	Retirement or Voluntary Termination (\$)	Termination Without Cause (\$)	Termination With Cause (\$)	Change of Control (\$)
Salary (including expenses)	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>
Annual Bonus	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>
Retiring Allowance	0	362,250 <sup>(3)</sup>	0	362,250 <sup>(3)</sup>
Accelerated Vesting of Options	0	0 <sup>(5)</sup>	0	<sup>(4)</sup>
Accelerated Vesting of RSUs	0	270,000 <sup>(6)</sup>	0	<sup>(4)</sup>
Total	0	632,250	0	362,250

***Darren Driscoll:***

Benefits and Payments	Retirement or Voluntary Termination (\$)	Termination Without Cause (\$)	Termination With Cause (\$)	Change of Control (\$)
Salary (including expenses)	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>
Annual Bonus	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>
Retiring Allowance	0	316,969 <sup>(3)</sup>	0	316,969 <sup>(3)</sup>
Accelerated Vesting of Options	0	0 <sup>(5)</sup>	0	<sup>(4)</sup>
Accelerated Vesting of RSUs	0	202,500 <sup>(6)</sup>	0	<sup>(4)</sup>
Total	0	519,469	0	316,969

***Stephen Reid:***

Benefits and Payments	Retirement or Voluntary Termination (\$)	Termination Without Cause (\$)	Termination With Cause (\$)	Change of Control (\$)
Salary (including expenses)	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>
Annual Bonus	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>
Retiring Allowance	0	181,125 <sup>(3)</sup>	0	181,125 <sup>(3)</sup>
Accelerated Vesting of Options	0	0 <sup>(5)</sup>	0	<sup>(4)</sup>
Accelerated Vesting of RSUs	0	81,000 <sup>(6)</sup>	0	<sup>(4)</sup>
Total	0	262,125	0	181,125

***Rachel Colabella:***

Benefits and Payments	Retirement or Voluntary Termination (\$)	Termination Without Cause (\$)	Termination With Cause (\$)	Change of Control (\$)
Salary (including expenses)	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>
Annual Bonus	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>
Retiring Allowance	0	57,500 <sup>(3)</sup>	0	57,500 <sup>(3)</sup>
Accelerated Vesting of Options	0	0 <sup>(5)</sup>	0	<sup>(4)</sup>
Accelerated Vesting of RSUs	0	23,625 <sup>(6)</sup>	0	<sup>(4)</sup>
Total	0	81,125	0	57,500

Sherri Neldner:

Benefits and Payments	Retirement or Voluntary Termination (\$)	Termination Without Cause (\$)	Termination With Cause (\$)	Change of Control (\$)
Salary (including expenses)	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>	0 <sup>(1)</sup>
Annual Bonus	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>	0 <sup>(2)</sup>
Retiring Allowance	0	28,750 <sup>(3)</sup>	0	28,750 <sup>(3)</sup>
Accelerated Vesting of Options	0	0 <sup>(5)</sup>	0	0 <sup>(4)</sup>
Accelerated Vesting of RSUs	0	30,713 <sup>(6)</sup>	0	0 <sup>(4)</sup>
Total	0	59,463	0	28,750

## Notes:

- (1) Assumes all payments have been made up to and including December 31, 2008.
- (2) No bonuses were payable in 2008.
- (3) A retiring allowance is only payable on a termination without cause or on a change of control. For 2008, for Msrs. King, Driscoll and Reid, the retiring allowance would be equal to 1.5 times their annual base salary, plus 15% of that amount calculated (for Ms. Colabella, this would be equal to 0.5 times her annual base salary, plus 15% of that amount; for Ms. Neldner, this would be equal to 1.0 times her annual base salary, plus 15% of that amount).
- (4) Options and RSUs only accelerate at the discretion of the Board.
- (5) No Options vested at December 31, 2008.
- (6) Under RSU Agreement, the NEO would only receive 1/4 of the RSUs granted, upon a termination without cause on December 31, 2008.

**Director Compensation**

Directors of the Corporation are not paid any fees for attending director or committee meetings and are not paid any retainer fees. Directors are reimbursed for any travel expenses incurred to get to and attend any meetings of the Board or any committee thereof. However, all directors of the Corporations have been issued RSUs under the Corporation's RSU Plan. The details of the issuance of RSUs to non-employee directors of the Corporation are set out below:

Jack C. Lee	18,750
Clayton H. Riddell	15,000
Mary C. Ritchie	15,000
E. Mitchell Shier	15,000
John P.A. Budreski	15,000
Gary Paterson	15,000

Mr. Lee was granted more RSUs than the other non-employee directors of the Corporation in recognition of the additional duties and responsibilities attributed to his position as the Chairman of the Board.

The RSUs issued to the non-employee directors of the Corporation have different vesting conditions than the RSUs issued to the Named Executive Officers and employees of the Corporation. The C&G Committee determined that the different vesting conditions were appropriate because the directors do not receive any other remuneration and the RSUs are intended to compensate such directors for their services, and also provide a long-term incentive to the directors and align the interests of the directors with those of the Shareholders. RSUs granted to the non-employee directors of the Corporation vest in accordance with the following schedule: (a) one year from the date of grant, 1/3 of the RSUs vest and are to be issued to the director; (b) two years from the date of grant, an additional 1/3 of the RSUs vesting are issued to the director; and (c) three years from the date of grant, the final 1/3 of the RSUs vesting are issued to the director. Pursuant to the RSU Plan directors are entitled to receive Dividend Entitlements in the event that a dividend is declared and paid on the Common Shares. All Dividend Entitlements are paid to the non-employee directors entirely in cash, unlike dividend equivalent payments made to executives, which payments are made half in cash and half in Common Shares.

Unless otherwise agreed by the Board, in the event that a director ceases to be a director of the Corporation, the director ceases to be a participant under the RSU Plan as of the date such director ceases to be a director. At such date, the director forfeits all unvested RSU awards.

### *Directors' Summary Compensation Table*

The following table sets forth for the year ended December 31, 2008, information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

Name	Fees earned (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation <sup>(2)</sup> (\$)	Total (\$)
Jack C. Lee	-	225,000	-	-	-	4,500	229,500
Clayton H. Riddell	-	180,000	-	-	-	3,600	183,600
E. Mitchell Shier	-	180,000	-	-	-	3,600	183,600
Mary C. Ritchie	-	180,000	-	-	-	3,600	183,600
John P.A. Budreski	-	180,000	-	-	-	3,600	183,600
Gary Patterson	-	180,000	-	-	-	3,600	183,600

Notes:

- (1) Based on the grant date fair value of RSUs granted to the non-employee directors. The grant date fair value for compensation purposes was calculated based upon the deemed market price of the Common Shares on the date the RSUs were granted and assuming that the Corporation would satisfy all of the vesting conditions for the currently issued and outstanding RSUs. The fair market value of the Common Shares on the date the RSUs were granted was \$12.00, which value was determined based upon the deemed issue price of the Common Shares pursuant to the Private Placement. As the Corporation's Common Shares were not trading on any recognized stock exchange at the time the RSUs were granted, it was determined that the \$12.00 value was the most reasonable estimate of the fair value for the purposes of granting the RSUs. However, the value of an RSU to be recognized by the director for income tax purposes on the date the RSU vests will be the fair market value of the Common Shares on such date and can therefore fluctuate from the grant date fair value used to calculate the value disclosed in the table above.
- (2) Represents the cash payment of dividend equivalent paid to the director pursuant to the RSU Plan.

### *Directors' Outstanding Option-Based Awards and Share-Based Awards*

The following table sets forth for each of the Corporation's directors other than directors who are also Named Executive Officers, all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2008.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)
Jack C. Lee	-	-	-	-	18,750	168,750
Clayton H. Riddell	-	-	-	-	15,000	135,000
Mary C. Ritchie	-	-	-	-	15,000	135,000
E. Mitchell Shier	-	-	-	-	15,000	135,000
John P.A. Budreski	-	-	-	-	15,000	135,000
Gary Patterson	-	-	-	-	15,000	135,000

Notes:

- (1) Non-employee directors of the Corporation have not been granted Options. The only remuneration they receive is in the form of RSUs and Dividend Entitlements.
- (2) Calculated based on the \$9.00 closing price of the Common Shares on the TSX as of December 31, 2008. However, the value of an RSU to be recognized by the director for income tax purposes on the date the RSU vests will be the fair market value of the Common Shares on such date and can therefore fluctuate from the grant date fair value used to calculate the value disclosed in the table above.

#### ***Directors' Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2008 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2008.

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(3)</sup>
Jack C. Lee	-	-	-
Clayton H. Riddell	-	-	-
Mary C. Ritchie	-	-	-
E. Mitchell Shier	-	-	-
John P.A. Budreski	-	-	-
Gary Patterson	-	-	-

Notes:

- (1) Non-employee directors have not been granted Options.
- (2) As of the date of this Information Circular no RSUs have vested.
- (3) The Corporation does not have any non-equity incentive plans for non-employee directors.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2008.

Plan Category	Number of securities to be issued upon exercise of outstanding Options and RSUs (a)	Weighted average exercise price of outstanding Options and RSUs <sup>(1)</sup> (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders <sup>(2)</sup>	603,550	\$12.00	241,681
Equity compensation plans not approved by securityholders	-	-	
<b>Total</b>	<b>603,550</b>	<b>\$12.00</b>	<b>241,681</b>

Notes:

- (1) This number was calculated based solely on the exercise price for issued and outstanding Options, as RSUs have no exercise price. RSUs entitle the holders thereof, upon satisfaction of the vesting conditions, to receive one Common Share, subject to adjustment pursuant to the RSU Plan, for no consideration.
- (2) The Corporation's Option Plan authorizes the issuance of Options entitling the holders to acquire, in the aggregate, up to 10% of the issued and outstanding Corporation Shares less the number of Common Shares issuable pursuant to outstanding RSUs. The Corporation's RSU Plan authorizes the issuance of RSUs entitling the holders to acquire, in the

aggregate, up to 10% of the outstanding Corporation Shares less the number of Common Shares issuable pursuant to outstanding Options.

As at the date hereof, the Corporation has outstanding options to purchase an aggregate of 195,000 Common Shares at an average exercise price of \$12.00 per share.

### **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICER AND SENIOR OFFICERS**

No director, executive officer or other senior officer of the Corporation, or any associate of any such director or officer is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

### **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 - *Continuous Disclosure Obligations*), 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 Clayton H. 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 666,667 shares of Alaris IGF Corp., the general partner of Alaris LP, held by them.

### **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 ("**NI 58-101**") - *Disclosure of Corporate Governance Practices*, requires that if management of a reporting issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101. Therefore, set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F1.

#### 1. Board of Directors

##### (a) *Disclose the identity of directors who are independent*

The Board has determined that the following directors of the Corporation are independent: Jack C. Lee, Clayton H. Riddell, E. Mitchell Shier, Mary C. Ritchie, John P.A. Budreski and Gary Patterson.

##### (b) *Disclose the identity of directors who are not independent and describe the basis for that determination.*

The Board has determined that the following director of the Corporation is not independent: Stephen King.

Mr. King is not considered to be independent as he is the President and Chief Executive Officer of the Corporation.

- (c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgement in carrying out its responsibilities.*

The Board of the Corporation has determined that a majority of the directors are independent.

- (d) *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name of Director</u>	<u>Name of Other Issuer</u>
Clayton H. Riddell	Newalta Income Fund MGM Energy Corp. Paramount Energy Trust Trilogy Energy Trust Nuloch Resources Inc.
E. Mitchell Shier	Trilogy Energy Trust Nuloch Resources Inc. MGM Energy Corp.
John P.A. Budreski	Earth First Canada Inc. Cell-Loc Location Technologies Inc. <sup>(1)</sup>
Mary C. Ritchie	Isotechnika Inc. Industrial Alliance Insurance and Financial Services Inc.
Gary Patterson	Earth First Canada Inc. Seacliff Construction Corp.
Jack C. Lee	Sprott Inc. Ithaca Energy Inc.

Note:

- (1) Mr. Budreski is currently a director of Cell-Loc Location Technologies Inc. ("**Cell-Loc**") but will not be standing for re-election at Cell-Loc's annual shareholder meeting to be held on May 14, 2009.

- (e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

In accordance with the mandate of the Board as well as the mandate of each of the Audit Committee and the Compensation and Governance Committee (collectively, the "**Committees**"), at the end of or during each meeting of the Board of Directors or committee, as applicable, the members of management of the Corporation who are present at such meeting leave the meeting in order that the independent directors can discuss any necessary matters without management being

present. Two (2) meetings of the independent directors (including meetings of the Board and of the Committees) have been held since January 1, 2008.

- (f) *Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.*

The Board has determined that Jack C. Lee, the Chairman of the Board, is independent. The Chairman presides at all meetings of the Board and, unless otherwise determined, at all meetings of shareholders and enforces the rules of order in connection with such meetings. The Chairman is to provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit. The Chairman is to endeavour to fulfill his responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present. The Chairman is also to endeavour to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances.

- (g) *Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.*

The attendance record of each of the directors of the Corporation in respect of Board meetings and committee meetings held in the year ended December 31, 2008, is as follows:

<b>Name of Director</b>	<b>Attendance Record</b>
Jack C. Lee	Board: 2 out of 2 meetings Audit Committee: 1 out of 1 meeting
Clayton H. Riddell	Board: 2 out of 2 meetings Compensation and Governance Committee: 0 out of 0 meetings
E. Mitchell Shier	Board: 2 out of 2 meetings Compensation and Governance Committee: 0 out of 0 meetings
Mary C. Ritchie	Board: 2 out of 2 meetings Audit Committee: 1 out of 1 meeting
John P.A. Budreski	Board: 2 out of 2 meetings Compensation and Governance Committee: 0 out of 0 meetings
Stephen King	Board: 2 out of 2 meetings
Gary Patterson	Board: 2 out of 2 meetings Audit Committee: 1 out of 1 meeting

## 2. Board Mandate

*Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.*

The mandate of the Board is attached as Schedule "A" hereto.

### 3. Position Descriptions

- (a) *Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.*

The Board has developed written position descriptions for the Chairman of the Board of Directors as well as the Chairman of each of the Audit Committee, and the C&G Committee.

- (b) *Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and the CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.*

The Board, with input from the Chief Executive Officer of the Corporation, has developed a written position description for the Chief Executive Officer.

### 4. Orientation and Continuing Education

- (a) Briefly describe what measures the board takes to orient new directors regarding:
- (i) *the role of the board, its committees and its directors; and*
  - (ii) *the nature and operation of the issuer's business.*

The C&G Committee is responsible, if determined appropriate, to develop for approval by the Board and periodically review orientation and education programs for new directors. While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors join the Board, management will provide these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures are practical and effective in light of the Corporation's particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board.

- (b) *Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

No formal continuing education program currently exists for the directors of the Corporation. The Board believes that no formal education program is currently required as a result of the knowledge and experience of the Board members and as the Corporation's legal counsel and auditors provide the Board and applicable Committees with updates of new developments regarding corporate governance and regulatory requirements as they arise.

### 5. Ethical Business Conduct

- (a) *Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:*
- (i) *disclose how a person or company may obtain a copy of the code*

The Board of Directors has adopted a code of business conduct (the "**Code**") applicable to all members of the Corporation, including directors, officers and employees. Each director, officer and employee of the Corporation has been provided with a copy of the Code. In addition, a copy of the Code has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

(ii) *describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and*

The C&G Committee monitors compliance with the code of conduct by requiring each of the senior officers of the Corporation to affirm in writing on an annual basis his or her agreement to abide by the code of ethics, as to his or her ethical conduct and in respect of any conflicts of interest.

(iii) *provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.*

There have been no material change reports filed since the beginning of the year ended December 31, 2008, that pertain to any conduct of a director or executive officer that constitutes a departure from the Corporation's code of ethics.

- (b) *Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

In accordance with the *Canada Business Corporations Act*, directors who are a party to, have a material interest in a party to, or are a director or an officer of a person who is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In certain cases, an independent committee may be formed to deliberate on such matters in the absence of the interested party.

- (c) *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

The Board of Directors has also adopted a "Whistleblower Policy" wherein employees, consultants and external stakeholders of the Corporation are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

## 6. Nomination of Directors

- (a) *Describe the process by which the board identifies new candidates for board nomination.*

Pursuant to the mandate of the C&G Committee, such Committee has responsibility for recruiting and recommending new members to the Board. At present, the C&G Committee does not have a process by which it identifies new candidates for Board nomination but rather the identification of new candidates is done on an informal and ad hoc basis.

The C&G Committee is also responsible for reviewing on a periodic basis the appropriate size of the Board and its composition, including the number of directors who are independent and analyze the needs of the Board and recommend nominees who meet such needs.

- (b) *Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

As noted above, the Board of Directors has created the C&G Committee. The members of such Committee are E. Mitchell Shier (Chair), Clayton H. Riddell and John P.A. Budreski, each of whom has been determined to be independent.

- (c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

As noted in paragraph (a) above, the C&G Committee has the responsibility, among other things, to prospectively recruit and recommend new members to the Board.

## 7. Compensation

- (a) *Describe the process by which the board determines the compensation for the issuer's directors and officers.*

### **Executive Compensation**

The process by which the Board determines the compensation of the Corporation's officers is described in this Information Circular under the heading "Statement of Executive Compensation" above.

### **Directors' Compensation**

The process by which the Board determines the compensation of the Corporation's directors is as follows:

The C&G Committee has the responsibility, among other things, for formulating and making recommendations to the Board in respect of compensation relating to directors. In arriving at its recommendations, the C&G Committee conducts a periodic review of directors' compensation having regard to various governance reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to the Corporation.

The compensation of the Corporation's directors is described in this information circular – proxy statement under the heading "Statement of Executive Compensation – Directors' Compensation" above.

- (b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Board of Directors has created the C&G Committee whose members are E. Mitchell Shier (Chair), Clayton H. Riddell and John P.A. Budreski, each of whom has been determined to be independent.

- (c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The C&G Committee has the responsibility, among other things, for reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Corporation and its subsidiaries in the context of the budget and business plan of the Corporation.

As part of the mandate and responsibility of the C&G Committee, the C&G Committee is responsible for formulating and making recommendations to the Board in respect of compensation issues relating to directors, officers and employees of the Corporation. Without limiting the generality of the foregoing, the C&G Committee has the following duties:

- (i) to review the Corporation's compensation program and to recommend any significant changes to the Board;
- (ii) to review and recommend to the Board the level and form of compensation to be paid to members of the Board;
- (iii) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive officer ("CEO"), evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or making recommendations to the Board with respect to) the CEO's compensation level based on such evaluation;
- (iv) to review all incentive compensation plans and make recommendations to the Board;
- (v) to make recommendations to the Board with respect to non-CEO officer and director compensation including to review management's recommendations for proposed stock option, share purchase plans and other incentive-compensation plans and equity-based plans for non-CEO officer and director compensation and make recommendations in respect thereof to the Board;
- (vi) to review the annual disclosure in respect of compensation matters required by applicable securities laws to be made by the Corporation including the Statement of Executive Compensation required to be included in the information circular – proxy statement of the Corporation for its annual shareholder meeting.

Pursuant to the mandate of the C&G Committee, the committee is to be comprised of at least three (3) directors of the Corporation and a majority of such members shall be independent. The Board is from time to time to designate one of the members of the C&G Committee to be the Chair of the C&G Committee. At present, the Chairman of the C&G Committee is E. Mitchell Shier.

The C&G Committee meets at least one time per year and at such other times as the Chairman of the C&G Committee determines.

- (d) *If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.*

A compensation consultant or advisor has not, at any time since the beginning of the year ended December 31, 2009, been retained to assist in determining compensation for any of the Corporation's directors and officers.

## 8. Other Board Committees

*If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

In addition to the duties set out above, the C&G Committee also has the responsibility to oversee the formulation of corporate governance policies and procedures applicable or appropriate to the Corporation.

Without limiting the generality of the foregoing, and in addition to the disclosure under item 7(c) above, the Compensation and Governance Committee has the following duties:

- (i) to review on an ongoing basis the effectiveness of the Board and its Committees in fulfilling the mandate of the Board;
- (ii) to develop for approval by the Board and periodically review the Corporation's approach to corporate governance matters;
- (iii) to review and assess the performance of the Corporation's corporate governance systems and recommend any changes to the Board for consideration;
- (iv) to review and recommend to the Board for approval reports concerning the Corporation's corporate governance practices as required by any regulatory authority;
- (v) to act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
- (vi) to review and recommend to the Board for consideration the Code and take all reasonable steps to oversee the implementation of the Code, including reviewing with management the Code and the implementation and effectiveness of compliance programs under the Code;
- (vii) as determined appropriate, to develop and recommend to the Board for approval, and periodically review, structures and procedures designed to ensure that the Board can function independently of management;
- (viii) to recruit and recommend new members to the Board;
- (ix) to determine the appropriate size of the Board and its composition, including the number of directors who are independent, and the annual nomination of directors for election;
- (x) as determined appropriate, to undertake a periodic performance review of each director and in the process ensure each Board member is aware of the contribution they are expected to make including the amount of time and energy expected of each director;
- (xi) to review and recommend to the Board as to the acceptance of any offer to resign of any director;
- (xii) as determined appropriate, to develop for approval by the Board and periodically review, orientation and education programs for new directors;
- (xiii) to annually review and recommend to the Board the appointments to each committee of the Board and any changes to the terms of reference of the committees;
- (xiv) to periodically review and monitor the Corporation's communication policy with a view to determining whether the Corporation is communicating effectively with shareholders, other stakeholders, the investment community and the public generally;
- (xv) to review and consider the engagement at the expense of the Corporation of professional and other advisors by any individual director when so requested by any such director; and
- (xvi) to review such other matters of a corporate governance nature as may be directed by the Board from time to time.

Other than the Audit Committee and the C&G Committee, the Corporation does not have any standing committees.

9. Assessments

*Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.*

As part of its mandate, the C&G Committee is responsible for reviewing on an ongoing basis the effectiveness of the Board and its Committees, undertaking a periodic performance review of each director and annually reviewing and recommending to the Board the appointments to each Committee.

### **AUDIT COMMITTEE INFORMATION**

All of the Audit Committee members are independent directors.

Multilateral Instrument 52-101 – Audit Committees provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. All of the members of the Audit Committee are "financially literate" under the definition set out above.

Additional information in respect of the Corporation's Audit Committee is contained on pages 29 to 30 of the Corporation's Annual Information Form dated March 25, 2009, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **MANAGEMENT CONTRACTS**

Management functions of the Corporation are not, to any substantial degree, performed by a person or company other than the directors or senior officers of the Corporation and its subsidiaries.

### **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 Annual General 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 the fiscal year ended December 31, 2008. 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 Avenue S.W.  
Calgary, Alberta T2P 5K7

Facsimile: (403) 228-0906

### **EFFECTIVE DATE**

The effective date of this Information Circular is April 23, 2009.

**APPROVAL**

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

## **SCHEDULE "A"**

### **ALARIS ROYALTY CORP.**

#### **BOARD OF DIRECTORS MANDATE**

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.

The Board has the oversight responsibility and specific duties described below. In addition, individual directors (**Directors**) have the responsibility and specific duties set out in the Individual Director Mandate and any other Mandate or Position Description that applies to them.

#### **COMPOSITION**

The Board will be comprised of between one (1) and eleven (11) directors, as determined by the shareholders.

A majority of the Company's directors will be independent, pursuant to applicable law.

All Board members will have the skills and abilities appropriate to their appointment as directors. It is recognized that the right mix of experiences and competencies will ensure that the Board will carry out its duties and responsibilities in the most effective manner.

Except as set out in the Articles or By-Laws, Board members will be elected at the annual meeting of the Company's shareholders each year and will serve until their successors are duly elected.

#### **RESPONSIBILITY**

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

#### **SPECIFIC DUTIES**

The Board will:

##### **Leadership**

1. Provide leadership and vision to supervise the management of the Company in managing the Company and its subsidiaries in the best interests of the Company's shareholders.
2. Provide leadership in the development of the mission, vision, principles, values, Strategic Plan and Annual Operating Plan of the Company, in conjunction with the Chief Executive Officer (**CEO**)

##### **Strategy**

3. Approve the development of strategic direction.
4. Adopt a strategic planning process and, at least annually, approve a Strategic Plan for the Company to maximize shareholder value that takes into account, among other things, the opportunities and risks of the Company's business.

5. Monitor the Company's performance in light of the approved Strategic Plan.

#### **CEO**

6. Select, appoint, evaluate and, if necessary, terminate the CEO.
7. Receive and approve recommendations on appropriate or required CEO competencies and skills from the Compensation and Governance Committee (**CG Committee**).
8. Approve or develop the corporate objectives that the CEO is responsible for meeting and assess the CEO against those objectives.

#### **Succession and Compensation**

9. Succession plan, including appointing, training and monitoring the performance of senior management (**Management**) of the Company.
10. With the advice of the CG Committee, approve the compensation of senior Management and approve appropriate compensation programs for the Company's employees.

#### **Corporate Social Responsibility, Ethics and Integrity**

11. Provide leadership to the Company in support of its commitment to corporate social responsibility.
12. Foster ethical and responsible decision-making by Management.
13. Set the ethical tone for the Company and its Management.
14. Take all reasonable steps to satisfy itself of the integrity of the CEO and Management and satisfy itself that the CEO and Management create a culture of integrity throughout the organization.
15. At the recommendation of the CG Committee, approve the Company's Code of Business Conduct.
16. Monitor compliance with the Company's Code of Business Conduct and grant and disclose, or decline, any waivers of the Code of Business Conduct for officers and directors.
17. With the CG Committee and/or the Audit Committee and the Board Chair, respond to potential conflict of interest situations.

#### **Governance**

18. With the CG Committee, develop the Company's approach to corporate governance, including adopting a Corporate Governance Policy that sets out the principles and guidelines applicable to the Company.
19. Once or more annually, as the CG Committee decides, receive for consideration that Committee's evaluation and any recommended changes, together with the evaluation and any further recommended changes of another Board Committee, if relevant, to each of the following:

- (a) Corporate Governance Policy;
- (b) Board Mandate;
- (c) Individual Director Mandate;
- (d) Chair of the Board Position Description;
- (e) Audit Committee Mandate;
- (f) Audit Committee Chair Position Description;
- (g) Compensation and Governance Committee Mandate;
- (h) Compensation and Governance Committee Chair Position Description;
- (i) CEO Position Description;
- (j) Chief Financial Officer Position Description; and
- (k) Secretary Position Description.

20. With the CG Committee, ensure that the Company's governance practices and policies are appropriately disclosed.
21. At the recommendation of the CG Committee, annually determine those individual Directors to be designated as independent and ensure appropriate disclosures are made.
22. At the recommendation of the CG Committee, annually determine those individual Directors on the Audit Committee possessing "financial literacy" under applicable law and ensure appropriate disclosures are made.

#### **Communications, Disclosure and Compliance**

23. Adopt an External Communications Policy for the Company that addresses disclosure matters.
24. At least annually, review the External Communications Policy and consider any recommended changes.
25. Ensure policies and procedures are in place to ensure the Company's compliance with applicable law, including timely disclosure of relevant corporate information and regulatory reporting.
26. Establish and disclose a process to permit stakeholders to directly contact the independent Directors as a group.

#### **Board Chair**

27. Annually appoint the Chair of the Board.

#### **Committees**

28. Appoint an Audit Committee comprised of at least three members, all of whom are independent directors, with the responsibility to assist the Board in fulfilling its audit oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to 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.

29. Appoint a Compensation and Governance Committee comprised of a majority of independent directors with the responsibility to assist the Board in fulfilling its governance oversight responsibilities with respect to (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; and, (iv) implementation and effectiveness of the Code of Business Conduct and the compliance programs under the Code of Business Conduct. The Committee will also have the responsibility to assist the Board in fulfilling its compensation oversight responsibilities with respect to (i) key compensation and human resources policies; (ii) CEO objectives, performance reviews and compensation; (iii) executive Management compensation; (iv) executive Management succession and development; and (v) reviewing executive compensation disclosure before its release.
30. In the Board's discretion, appoint any other Board Committees that the Board decides are needed and delegate to those Board Committees any appropriate powers of the Board.
31. In the Board's discretion, annually appoint the Chair of each Board Committee.

#### **Delegations and Approval Authorities**

32. Annually delegate approval authorities to the CEO and review and revise them as appropriate.
33. Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
34. Require the Audit Committee to recommend to the Board for consideration the quarterly results, financial statements, MD&A and earnings related news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered.
35. Require the Audit Committee to recommend to the Board for consideration and, in the Board's discretion, approve the monthly dividends for the quarter.
36. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
37. Consider and, in the Board's discretion, approve any matters proposed by Management.
38. Approve all alternative financing structures entered into by the Company with various private businesses.

#### **Annual Operating Plan**

39. At least annually, approve an Annual Operating Plan for the Company including business plans, operational requirements, organizational structure, staffing and budgets, which support the Strategic Plan.

40. Monitor the Company's performance in light of the approved Annual Operating Plan.

**Risk Management**

41. Ensure policies and procedures are in place to: identify the principal business risks and opportunities of the Company; address what risks are acceptable to the Company; and ensure that appropriate systems are in place to manage the risks.
42. Ensure policies and procedures designed to maintain the integrity of the Company's disclosure controls and procedures are in place.
43. As required by applicable law, ensure policies and procedures designed to maintain the integrity of the Company's internal controls over financial reporting and management information systems are in place.
44. Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.
45. Ensure policies and procedures designed to maintain appropriate safety, environment and social responsibility principles and practices are in place.

**Orientation / Education**

46. With the CG Committee, oversee the development and implementation of a Director orientation program covering the role of the Board and its Committees, the contribution individual Directors are expected to make and the nature and operation of the Company's business.
47. With the CG Committee, oversee the development and implementation of an ongoing Director education program designed to maintain and enhance skills and abilities of the Directors and to ensure their knowledge and understanding of the Company's business remains current.

**Board Performance**

48. Oversee the process of the CG Committee's annual evaluation of the performance and effectiveness of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs, in light of the applicable Mandates and Position Descriptions.
49. Participate in an annual evaluation of Board performance by the CG Committee.
50. Receive and consider a report and recommendations from the CG Committee on the results of the annual evaluation of the performance and effectiveness of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs.

**Board Meetings**

51. Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Board may in appropriate circumstances hold meetings by telephone conference call.
52. Meet in separate non-management and independent Director only in camera sessions at each regularly scheduled meeting.

- 53. Meet in separate, non-management and/or independent Director only closed sessions with any internal personnel or outside advisors, as needed or appropriate.

**Advisors/Resources**

- 54. Retain, oversee, compensate and terminate independent advisors to assist the Board in its activities.
- 55. Receive adequate funding for independent advisors and ordinary administrative expenses that are needed or appropriate for the Board to carry out its duties.

**Other**

- 56. To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Secretary, who will report any amendments to the CG Committee at its next meeting.
- 57. Once or more annually, as the CG Committee decides, this Mandate will be fully evaluated and updates recommended to the Board for consideration.

**Approved:** March 11, 2009

On Behalf of the Board:

(signed) "Jack C. Lee"  
Jack C. Lee  
Director