



**NOTICE OF ANNUAL GENERAL & SPECIAL  
MEETING OF COMMON SHAREHOLDERS**

May 8, 2014

**and**

**INFORMATION CIRCULAR**

Dated April 3, 2014



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## **YOUR VOTE COUNTS**

### **REGISTERED SHAREHOLDERS**

If your Common Shares are registered in your own name, you are a registered shareholder.

You will have received a form of proxy from Alaris' transfer agent, Computershare Investor Services Inc. Please vote using the proxy control number provided online at [www.investorvote.com](http://www.investorvote.com) or via the phone Toll Free 1-866-732-VOTE (8683). Alternatively, please complete, sign and mail your form of proxy in the postage prepaid envelope provided or fax it to the number indicated on the form. To vote in person or appoint someone else to attend and vote as your proxyholder at the meeting, see pages 10 & 11 of the Information Circular.

### **NON-REGISTERED SHAREHOLDERS**

If your Common Shares are held in a brokerage account or through a trustee, a financial institution or another nominee, you are a non-registered shareholder.

You will have received a request for voting instructions from your broker or other nominee. Follow the instructions on your voting instruction form to vote by telephone, internet or fax, or complete, sign and mail the voting instruction form in the postage prepaid envelope provided. If you plan to attend the meeting and wish to vote in person, please follow the instructions on the enclosed voting form to appoint yourself instead of the management nominees to vote at the meeting. Non-registered holders must take the necessary steps to appoint themselves if they wish to vote at the meeting in person. For more information, please refer to the information on pages 10 through 12 of the Information Circular.

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## INVITATION TO SHAREHOLDERS

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**IT IS OUR GREAT PLEASURE TO INVITE YOU TO JOIN ALARIS ROYALTY CORP.'S BOARD OF DIRECTORS AND EXECUTIVE TEAM AT OUR ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS ON MAY 8, 2014. IT WILL TAKE PLACE AT THE HOTEL LE GERMAIN, 899 CENTRE STREET SW, IN CALGARY, ALBERTA AT 3:00 P.M.**

This important meeting is your opportunity to hear a first-hand account of Alaris' performance to date and our plans for the future - and for us to respond to any questions you may have. We encourage you to attend in person.

This meeting is also your opportunity to vote on important issues. Whether or not you plan to attend in person, we recommend that you exercise the power of your proxy vote through the procedures that are explained in the "Q&A on Proxy Voting" section of the accompanying information circular. We urge you to make your vote count. Please vote in sufficient time to ensure your vote is received prior to the proxy cut off of 3:00 p.m. (Calgary time) on May 6, 2014.

Following the meeting, you will find the full text of the 2013 Annual Report, the Information Circular and Annual Information Form for the year ended December 31, 2013, our quarterly results, corporate presentation, and other useful information about Alaris at [www.alarisroyalty.com](http://www.alarisroyalty.com).

Directors and management never lose sight of the fact that we guide this enterprise on behalf of you, our shareholders. We look forward to your participation in our deliberations on May 8<sup>th</sup>.

Sincerely,

*(Signed) "Jack C. Lee"*  
Jack C. Lee  
**Chairman of the Board**

*(Signed) "Steve King"*  
Steve King  
**President and Chief Executive Officer**

April 3, 2014



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## NOTICE OF ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS OF ALARIS ROYALTY CORP.

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THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS (THE "MEETING") OF ALARIS ROYALTY CORP. ("ALARIS") WILL BE HELD THE 8TH DAY OF MAY, 2014 AT 3:00 P.M. AT THE HOTEL LE GERMAIN, 899 CENTER STREET SW, CALGARY, ALBERTA AND WILL HAVE THE FOLLOWING PURPOSES:

1. To receive and consider the financial statements of Alaris for the year ended December 31, 2013 and the Auditor's report on those statements (the "**Financial Statements**");
2. To fix the number of directors to be elected at six (6) members;
3. To elect the Board of Directors;
4. To appoint the Auditor of Alaris for fiscal year ending December 31, 2014;
5. To consider, and if thought appropriate, to pass an ordinary resolution approving the unallocated options pursuant to Alaris' current share option plan, as more particularly described in the information circular and proxy statement (the "**Information Circular**") of Alaris dated April 3, 2014, enclosed herewith or otherwise distributed or made available by Alaris to holders ("**Shareholders**") of common voting shares ("**Common Shares**") in connection with the Meeting;
6. To consider, and if thought appropriate, to pass an ordinary resolution approving the unallocated restricted share units pursuant to Alaris' current restricted share unit plan, as more particularly described in the Information Circular; and
7. To transact any other business properly before the meeting 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 described in the Information Circular accompanying and forming part of this Notice. A copy of the Financial Statements have been mailed to Shareholders who requested such mailing in accordance with applicable securities laws and have been filed under Alaris' profile on SEDAR.

Shareholders who own Common Shares of Alaris as at April 3, 2014 (the "**Record Date**") will be entitled to vote at the meeting. The number of eligible votes that may be cast at the Meeting is 28,722,171 being the total number of Common Shares outstanding on the Record Date.

Only Shareholders whose names have been entered in the register of Common Shares at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Holders of Common Shares who acquire Common Shares after the Record Date will not be entitled to vote such Common Shares at the Meeting unless, after the Record Date, a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed certificates evidencing such Common Shares or otherwise establishing that he or she owns such Common Shares, requests at least 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.

Whether or not you plan to attend the Meeting in person, please vote using the enclosed Form of Proxy or voting instruction in accordance with the instructions provided. For your vote to be recorded, your proxy must be received by Computershare Investor Services Inc., no later than 3:00 P.M. (Calgary Time) on May 6, 2014

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## INFORMATION CIRCULAR

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### LIST OF ABBREVIATIONS

*In this Information Circular, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:*

"**Affiliate**" has the meaning ascribed thereto in the *Securities Act* (Alberta).

"**Agility**" means Agility Health, LLC.

"**AIF**" means the annual information form of Alaris dated March 31, 2014 and filed on Alaris' corporate profile on SEDAR.

"**Alaris**", the "**Corporation**", "**we**", "**us**", or "**our**" means Alaris Royalty Corp., a corporation amalgamated under the CBCA.

"**Alaris Coop**" means Alaris Coöperatief U.A., a cooperative formed under the laws of The Netherlands.

"**Alaris Partnership**" means Alaris Income Growth Fund Partnership, the general partnership resulting from the conversion of Alaris Income Growth Fund L.P. to a general partnership from a limited partnership.

"**Alaris USA**" means Alaris USA Inc., a corporation formed under the laws of the State of Delaware, USA.

"**Applicable Canadian securities laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the date hereof.

"**Articles**" means the Articles of Amalgamation of Alaris registered July 15, 2009 pursuant to the CBCA, as available.

"**Associate**" has the meaning ascribed thereto in the *Securities Act* (Alberta).

"**Auditor**" means KPMG LLP.

"**Beneficial Shareholder**" means a Shareholder who hold its Common Shares through an intermediary such as a bank, trust company, securities broker or trustee or who otherwise do not hold their Common Shares in their own name.

"**Board**" or "**Board of Directors**" means the board of directors of Alaris as it may be comprised from time to time.

"**Broadridge**" means Broadridge Financial Solutions, Inc.

"**Business day**" means a day when banks are generally open for the transaction of business in Calgary, Alberta, other than a Saturday, Sunday or statutory or civic holiday.

"**CBCA**" means the *Canada Business Corporations Act* (Alberta), R.S.C. 1985, c. C-44, including the regulations promulgated thereunder, as amended.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada), as amended from time to time.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**CEO**" means Alaris' Chief Executive Officer.

"**CFO**" means Alaris' Chief Financial Officer.

"**CG Committee**" means the Compensation and Governance Committee of the Board.

"**Common Shares**" means the voting common shares in the capital of Alaris.

"**Computershare**" means Computershare Investor Services Inc.

"**Corporation**" means Alaris Royalty Corp., a corporation subsisting under the CBCA.

"**Court**" means the Court of Queen's Bench of Alberta, Judicial District of Calgary.

"**CSA**" means the Canadian Securities Administrators.

"**Darian**" means Darian Resources Ltd.

"**Dividend Entitlement**" means dividend entitlements earned on each issued & outstanding RSU as more particularly described beginning on page 30 of this Information Circular under the description of Alaris' RSU Plan.



"**EarthFirst**" means EarthFirst Canada Inc.

"**EOTR**" means End of the Roll Carpet & Vinyl, a partnership formed under the laws of British Columbia.

"**ERISA**" means the *United States Employment Retirement Income Security Act of 1974*, as amended from time to time.

"**ERISA Person**" means any Person that is or is acting on behalf of an ERISA Plan.

"**ERISA Plan**" means an "employee benefit plan" (within the meaning of Section 3(3) of ERISA) that is subject to Part 4 of Subtitle B of Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the *U.S. Tax Code*, an entity whose underlying assets are deemed to include "plan assets" of any such plan, account or arrangement pursuant to the Plan Asset Rules, and any other retirement or benefit plan that is not subject to Title I of ERISA or Section 4975 of the *U.S. Tax Code* but is subject to Similar U.S. Law.

"**Financial Statements**" means the financial statements of Alaris for the year ended December 31, 2013 & the Auditor's report of those statements.

"**Form 51-102F6**" means Form 51-102 *Statement of Executive Compensation*.

"**Form of Proxy**" means the form of proxy enclosed with the Notice & this Information Circular.

"**Government Authority**" means any: (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; (ii) any subdivision, agent, commission, board or authority of any of the foregoing; (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

"**Information Circular**" means this management information circular and proxy statement of Alaris, together with all schedules and appendices hereto to be mailed or otherwise distributed or made available by Alaris to the Shareholders or such other securityholders of Alaris as may be required pursuant to the Interim Order in connection with the Meeting.

"**Killick**" means Killick Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"**Killick Aerospace**" means Killick Aerospace Limited Partnership Fund II.

"**Killick GP**" means Killick General Partners L.P.

"**KMH**" means KMH Limited Partnership, a limited partnership established under the laws of the Province of Ontario.

"**Labstat**" means Labstat International LP.

"**LifeMark Health**" means LifeMark Health Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"**LMS**" means LMS Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"**Management**" means senior management of Alaris.

"**Meeting**" means the annual and special meeting of Shareholders to be held at 3:00 p.m. (Calgary time) on May 8, 2014 at Hotel le Germain, 899 Centre Street SW, Calgary, Alberta to consider, among other things, the election of Directors of the Corporation, the appointment of the auditors and the approval of the unallocated Options and RSUs under the Option Plan and RSU Plan, respectively, and other certain matters, and any adjournment(s) thereof.

"**Meeting Date**" means May 8, 2014.

"**Named Executive Officer (NEO)**" means the CEO, CFO, and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity) whose total compensation (as determined in accordance with Subsection 1.3(6) of Form 51-102F6) was, individually, more than \$150,000.

"**New Common Shares**" means the new class of common shares authorized for issuance pursuant to the Arrangement.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**Notice**" means the Notice of Annual General and Special Meeting of Shareholders of Alaris Royalty Corp. accompanying this Information Circular.

"**Non-Voting Shares**" means the non-voting common shares in the capital of Alaris.

"**Option Plan**" means Alaris' share option plan, as more particularly described beginning on page 28 of this Information Circular under the heading "Equity Incentive Plans".

"**Options**" means stock options issued or authorized for issuance pursuant to the Option Plan.

"**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representatives, estate group, body corporate, corporation, unincorporated association or organizations, Governmental Authority, syndicate or other entity, whether or not having legal status.

"**Plan Asset Regulations**" mean the plan asset regulations of the U.S. Department of Labor, 29 C.F.R. Sec. 2510.3-101.

"**Plan Asset Rules**" means the principles for identifying the assets of an ERISA Plan as set forth in the Plan Asset Regulations and Section 3(42) of ERISA.

"**Private Company Partner**" and "**Private Company Partners**" means those corporations, partnerships or other entities with which Alaris has directly or indirectly entered into an alternative financing structure including LifeMark, EOTR, LMS, KMH, Solowave, Killick, Quetico, Labstat, Agility, SCR, Sequel and SMi.

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act.

"**Qualified Purchaser**" means a "qualified purchaser" within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act.

"**Qualified U.S. Purchaser**" means a purchaser that is (i) (A) located in the United States, (B) is a U.S. Person or (C) that is purchasing Common Shares for the account or benefit of U.S. Persons; (ii) a Qualified Institutional Buyer and a Qualified Purchaser, and (iii) is not and is not acting on behalf of any ERISA Person.

"**Quetico**" means Quetico LLC, a limited liability corporation formed under the laws of the State of California, USA.

"**Record Date**" means April 3, 2014.

"**Regulation S**" means Regulation S under the U.S. Securities Act.

"**RSU Plan**" means Alaris RSU plan, as more particularly described beginning on page 28 of this Information Circular under the heading "Equity Incentive Plans".

"**RSUs**" mean restricted share units issued or authorized for issuance pursuant to the RSU Plan.

"**SCR**" means SCR Mining and Tunnelling L.P.

"**SEC**" means the United States Securities and Exchange Commission.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible at [www.sedar.com](http://www.sedar.com).

"**Sequel**" means Sequel Youth and Family Services, LLC.

"**Shareholders**" means the holders of Common Shares.

"**Shares**" means the Common Shares and the Non-Voting Shares.

"**SHS**" means SHS Management Services Limited Partnership.

"**Similar U.S. Laws**" means any state or local law that would have the same effect as the Plan Asset Regulations so as to cause the underlying assets of Alaris to be treated as assets of an investing entity by virtue of its investment (or any beneficial interest) in Alaris and thereby subject Alaris to laws or regulations that are similar to the fiduciary or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Tax Code.

"**SMi**" means S.M. Group International LP/Le Groupe S.M. International S.E.C.

"**Solowave**" means Solowave Design LP, a limited partnership established under the laws of the Province of Alberta.

"**Subsidiary**" has the meaning set out in the *Securities Act* (Alberta) and includes a partnership or other entity.

"**TSX**" means the Toronto Stock Exchange.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended, and the rules, regulations and orders promulgated thereunder.

**"U.S. Investment Company Act"** means the *United States Investment Company Act of 1940*, as amended, and the rules, regulations and orders promulgated thereunder.

**"U.S. Person"** has the meaning given to that term in Rule 902 of Regulation S promulgated under the U.S. Securities Act.

**"U.S. Securities Act"** means the *United States Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder.

**"U.S. Tax Code"** means the *United States Internal Revenue Code of 1986*, as amended, and the rules, regulations and orders promulgated thereunder.

**"VWAP"** means in respect of Options, the volume weighted average trading price on the TSX for the five (5) trading days immediately preceding the grant date of such Options.

## CURRENCY AND EXCHANGE RATES

All dollar references in this Information Circular (and any documents incorporated by reference in the Information Circular) are in Canadian dollars, unless otherwise indicated. The following table describes: (i) the rates of exchange for 1 Canadian dollar, expressed in United States dollars, in effect at the end of each of the periods indicated; (ii) the average of exchange rates in effect on the last day of each month during such period; and (iii) the high and low exchange rates during each such period (source of data: Bloomberg).

(1 CAD per USD)	Year ended December 31		
	2013	2012	2011
Rate at End of Period	.9414	1.0079	.9789
Average Rate During Period	.9714	1.0005	1.0116
High	1.0171	1.0326	1.0601
Low	.9340	.9606	.9483

The average rate for April 3, 2014 was CAD \$1.00 = US \$0.9062

## INFORMATION FOR UNITED STATES SHAREHOLDERS

### ***U.S. Investment Company Act Considerations and Restrictions***

Based on its current assets, and absent an exemption under the *U.S. Investment Company Act*, Alaris may be deemed to be an "investment company" as defined in the U.S. Investment Company Act and subject to the rules and regulations of that Act, including a requirement to register as an investment company with the SEC. The U.S. Investment Company Act, among other things, prohibits foreign investment companies from publicly offering their securities in the United States. However, Alaris relies on the exemption provided in Section 3(c)(7) of the U.S. Investment Company Act, which provides that a company is excluded from the definition of an "investment company", and is therefore excluded from regulation under the U.S. Investment Company Act, if its securities have only been issued to persons located in the United States or to, or for the account or benefit of, U.S. Persons that are Qualified Purchasers and it does not make a public offering of its securities in the United States. Consequently, Common Shares will be issued by Alaris only: (i) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, and (ii) in the United States or to, or for the account or benefit of, U.S. Persons that are Qualified U.S. Purchasers. Generally, Qualified U.S. Purchasers that hold Common Shares may not resell their Common Shares in the United States or to, or for the account or benefit of, U.S. Persons. For a more complete description of the restrictions affecting the Common Shares, see "Schedule 4 – Ownership and Transfer Restrictions".

### ***ERISA Restriction of No Ownership By Plans***

Alaris will prohibit investment in Common Shares by "benefit plan investors," as well as other similar investors, and, therefore, transfers of Common Shares to such investors will also be prohibited. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the U.S. Tax Code, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws or regulations that are similar in effect to the Plan Asset Rules, the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code, and, therefore will be treated by Alaris as benefit plan investors. For a more complete discussion of the prohibition on investment by and transfers to benefit plan investors, see "Schedule 4 – Ownership and Transfer Restrictions".

## Q&A ON PROXY VOTING

This Information Circular is dated April 3, 2014 and all information is as at this date, unless otherwise indicated.

### 1. Q: *What am I voting on?*

A: Shareholders are voting on: setting the number of directors; the election of directors to the Board for 2014; the appointment of the Auditor for 2014; the approval of all unallocated Options under the Option Plan; and the approval of all unallocated RSU's under the RSU Plan.

### 2. Q: *Who is entitled to vote?*

A: Shareholders of record as at the close of business on the "record date" of April 3, 2014 are entitled to vote. **Only Shareholders whose names have been entered in the register of Common Shares at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Shareholders who acquire Common Shares after the Record Date will not be entitled to vote such Common Shares at the Meeting unless, after the Record Date, a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed certificates evidencing such Common Shares or otherwise establishing that he or she owns such Common Shares, requests at least 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.**

Each Shareholder is entitled to one vote on those items of business identified in the Notice of Annual General and Special Meeting of Shareholders. There will be a quorum present at the Meeting if two persons are present at the Meeting holding or representing by proxy in the aggregate not less than 5% of the Common Shares entitled to be voted at the Meeting.

### 3. Q: *How do I vote?*

If you are a registered Shareholder, you may vote in person at the Meeting or using one of the voting methods on the enclosed Form of Proxy. You may use the enclosed Form of Proxy appointing the persons named in the proxy or some other person you choose, who need not be a Shareholder, to represent you as proxyholder and vote your Common Shares at the Meeting. If your Common Shares are held in the name of a nominee, please see the information under Q. 16 of this section for voting instructions.

### 4. Q: *What if I plan to attend the Meeting and vote in person?*

A: If you are a registered Shareholder and plan to attend the Meeting on May 8, 2014 and wish to vote your Common Shares in person at the Meeting, do not complete or return the Form of Proxy. Your vote will be taken and counted at the

Meeting. Please register with the transfer agent, Computershare, upon arrival at the Meeting.

Only registered Shareholders are entitled to vote at the meeting. If your Common Shares are held in the name of a nominee and you wish to vote in person at the meeting, please see the box under the answers for Q. 16 for voting instructions on how to appoint yourself or someone else to attend the meeting and vote in person.

### 5. Q: *Who is soliciting my proxy?*

A: The enclosed Form of Proxy is being solicited on behalf of management of Alaris. The solicitation will be made primarily by mail but may also be made by telephone, in writing or in person by directors, officers and employees of Alaris. No such person will be remunerated for soliciting proxies in such manner. All costs of the solicitation for the Meeting will be borne by Alaris. As at the date hereof, Alaris has not made a decision to engage soliciting dealers or other proxy solicitation agents to encourage the return of completed proxies and to solicit proxies in favour of the matters to be considered at the Meeting. Alaris may elect to do so and, if it does, the costs in respect of such services would be paid by Alaris in respect of the Meeting. Alaris will not reimburse Shareholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals.

### 6. Q: *What if I sign the Form of Proxy enclosed with this circular?*

A: Signing or using one of the other voting methods listed on the enclosed Form of Proxy gives authority to Stephen W. King or Darren Driscoll, each of whom is an officer of Alaris, or to another person who need not be a Shareholder, you have appointed, to vote your Common Shares at the Meeting.

### 7. Q: *Can I appoint someone other than the officers designated in the Form of Proxy to vote my Shares?*

A: **Yes, write the name of this person, who need not be a Shareholder, in the blank space provided in the Form of Proxy. It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your Common Shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of Computershare.**

### 8. Q: *What do I do with my completed proxy?*

A: Return it to Alaris' transfer agent, Computershare, in accordance with the instructions on the enclosed Form of Proxy, so that it arrives no later than 3:00 p.m. (Calgary Time) on Tuesday, May 6, 2014. This will ensure that your vote is recorded.

**9. Q: If I change my mind, can I take back my proxy once I have given it?**

A: Yes. If you change your mind and wish to revoke your proxy, in addition to revocation in any other manner permitted by law, you may prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. Only Registered Shareholders may revoke a proxy. Beneficial Shareholders will need to contact their financial intermediary and follow their instructions to revoke their vote. You may also submit a later dated proxy to revoke any prior vote received. This statement must be delivered to the Corporate Secretary of Alaris at the following address no later than 3:00 p.m. (Calgary Time) on Tuesday, May 6, 2014 or to the chairman of the Meeting on the day of the Meeting, Wednesday, May 8, 2014, prior to its commencement or prior to the continuation of any adjournment of the Meeting:

Alaris Royalty Corp.  
Suite 232, 2031-33<sup>rd</sup> Avenue SW  
Calgary, Alberta T2T 1Z5  
Rachel Colabella, Chief Legal Officer and Corporate Secretary  
Fax: 403-228-0906

**10. Q: How will my Common Shares be voted if I give my proxy?**

A: The persons named on the Form of Proxy must vote for or against or withhold from voting your Common Shares in accordance with your directions, or you can let your proxyholder decide for you. **In the absence of such directions, proxies appointing the persons named in the Form of Proxy will be voted in favor of fixing the directors at six (6); the individual election of each of the nominee directors presented herein; the appointment of the Auditors; the approval of all unallocated Options under the Option Plan; and the approval of all unallocated RSU's under the RSU Plan.**

**11. Q: What if amendments are made to these matters or if other matters are brought before the Meeting?**

A: **The persons named in the Form of Proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders and with respect to other matters which may properly come before the Meeting.**

At the time of printing this Information Circular, management of Alaris knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the Form of Proxy will vote on them in accordance with their best judgment.

**12. Q: How many Common Shares are entitled to vote?**

A: As of the Record Date, there were 28,722,171 Common Shares and no Non-Voting Shares issued and outstanding. Each registered Shareholder has one vote for each Common Share held at the close of business on the Record Date.

The rights, privileges and restrictions attached to the Common Shares are more fully described in Schedule 2 attached to this Information Circular.

To the knowledge of the directors and officers of Alaris, as of the Record Date, no one person or entity beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the issued and outstanding Common Shares of Alaris.

**13. Q: How will the votes be counted?**

A: Each matter brought before the Meeting, other than the election of directors and the appointment of auditors, is determined by a simple majority of votes cast on the question. The appointment of auditors will be determined by plurality voting. The election of directors will be determined in accordance with our majority voting policy, which is summarized on page 13 of this Information Circular.

**14. Q: Who counts the votes?**

A: Alaris' transfer agent, Computershare, counts and tabulates the proxies. This is done independently of Alaris to preserve the confidentiality of the individual Shareholder votes. Proxies are referred to Alaris only in cases where a Shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

**15. Q: If I need to contact the transfer agent, how do I reach them?**

A: For general Shareholder inquiries, you can contact the transfer agent by mail at:

Computershare Investor Services Inc.  
100 University Avenue  
8<sup>th</sup> Floor, North Tower  
Toronto, Ontario M5J 2Y1

or by telephone: within Canada and the United States at 1-800-564-6253 and from all other countries at 514-982-7555

or by fax: within Canada and the United States at 1-888-453-0330 and from all other countries at 416-263-9394

or by email: [service@computershare.com](mailto:service@computershare.com)

**16. Q: If my Common Shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote them?**

A: If Common Shares are listed in an account statement provided to you by a broker, then in almost all cases those



**Common Shares will not be registered in your name on the records of Alaris. Such Common Shares will more likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co. (the registration name for CDS, which acts as nominee for many Canadian brokerage firms).**

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Corporation will not be delivering proxy related materials directly to NOBOs. As required by Canadian securities legislation, you will have received from your nominee either a request for voting instructions or a Form of Proxy for the number of Common Shares you hold.

For your Common Shares to be voted, please follow the voting instructions provided by your nominee. **Every nominee will have its own mailing procedures and provide its own return instructions, which should be carefully followed by you to ensure that your Common Shares are voted at the Meeting.** Common Shares are held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against or withheld from voting on resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common 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 by Alaris to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically prepares a machine readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate

voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.**

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

Since Alaris does not have unrestricted access to the names of its non-registered Shareholders, if you attend the Meeting, Alaris may have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder. Therefore, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or Form of Proxy and return same by following the instructions provided. You can indicate on the Form how you wish your shares to be voted. If you wish to give voting discretion, do not otherwise complete the form as your vote will be taken at the Meeting. Please register with the transfer agent, Computershare, upon arrival at the Meeting.

**17. Q: What if I would like to ask a question at the Meeting?**

A: You can ask your question in person at the Meeting or submit your question at the time of registration at the Meeting with Alaris' transfer agent, Computershare. You can also submit a question by writing to the Corporate Secretary at:

Alaris Royalty Corp.  
Suite 232, 2031-33<sup>rd</sup> Avenue SW  
Calgary, Alberta T2T 1Z5  
Attention: Rachel Colabella,  
Chief Legal Officer and Corporate Secretary  
or by email at: rcolabella@alarisroyalty.com

## BUSINESS OF THE MEETING

### 1. FINANCIAL STATEMENTS

The Financial Statements are included in the 2013 annual report and are available under our corporate profile on SEDAR.

### 2. 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 Alaris, be fixed at six (6). **Unless otherwise instructed, the persons named in the enclosed Form of Proxy, if named as a proxy, intend to vote for an ordinary resolution fixing the number of directors to be elected at the Meeting at six (6), subject to amendment between annual meetings by the Board of Directors in accordance with the Articles and applicable law.** The fixing of the number of directors at six (6) must be approved by a simple majority of votes cast at the Meeting in person or by proxy.

### 3. ELECTION OF DIRECTORS

The six (6) nominees proposed for election as directors of Alaris are: Jack C. Lee (Chair), E. Mitchell Shier, Mary C. Ritchie, John P.A. Budreski, Stephen W. King and Gary Patterson. Please see the director descriptions starting at page 16 of this Information Circular for more information about each of these director nominees. All nominees have established their eligibility and willingness to serve as directors. Directors will hold office until the next annual meeting of Shareholders or until their successors are elected or appointed. As required pursuant to the policies of the TSX, the election of directors will be conducted on an individual basis rather than as a slate.

**Unless otherwise instructed, the persons named in the enclosed Form of Proxy, if named as a proxy, intend to vote for the individual election of each of the nominees set forth above.** If, for any reason, at the time of the Meeting any of the nominees are unable to serve, and unless otherwise specified, it is intended that the persons designated in the Form of Proxy will vote at their discretion for a substitute nominee or nominees.

The Board has adopted a majority voting policy, which provides that in respect of Shareholder meetings involving the uncontested election of directors, any nominee director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "majority withhold vote") shall tender his or her resignation for consideration by the Board to the Chairman, Governance Matters of the CG Committee promptly following certification of the shareholder vote. If the Chairman, Governance Matters of the CG Committee receives a majority withhold vote, then he or she shall tender his or her resignation to the Chairman of Alaris. The CG Committee will promptly consider the tendered resignation and recommend to the Board whether to accept or reject it. In determining whether to recommend acceptance or rejection of the tendered resignation, the CG Committee will consider all factors it deems relevant including, without limitation:

- a) the reasons, if known, why Shareholders "withheld" or were requested to "withhold" votes from the director;
- b) the director's length of service and qualifications;
- c) the director's share ownership;
- d) the director's contributions to the Corporation;
- e) the current mix of skills and attributes of the directors on the Board;
- f) the impact with respect to covenants in agreements or plans; and
- g) legal requirements, policies or guidelines (regulatory, securities or corporate laws, or stock exchange rules) for director numbers and qualifications.

The Board will then consider the CG Committee's recommendation not later than 90 days following the date of the shareholders meeting at which the election occurred. In deciding whether to accept or reject the tendered resignation, the Board will consider the factors considered by the CG Committee and any additional information and factors the Board believes to be relevant. Promptly following the Board's decision, the Corporation will disclose that decision, including an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation, in a press release. If the Board decides to accept the director's resignation, the CG Committee will recommend to the Board whether to fill the resulting vacancy or to continue with the reduced size of the Board.

The majority voting policy provides that any director who tenders his or her resignation pursuant to the majority voting policy will not participate in the CG Committee recommendation or the Board consideration whether to accept or reject the tendered resignation. In the event that any director who received a majority withhold vote does not tender his or her resignation in accordance with this Policy, he or she shall not be re-nominated by the Board and shall not be entitled to any benefits (financial or otherwise) of a director or past director of the Corporation.



The Board and the CG Committee may adopt such procedures as it sees fit to assist in its determinations under the majority voting policy.

#### 4. APPOINTMENT OF AUDITORS

The directors propose that the firm of KPMG LLP be appointed as auditors of Alaris for the fiscal year ending December 31, 2014. KPMG LLP has served continuously since July 31, 2008 as Alaris' sole auditing firm. **Unless otherwise instructed, the persons named in the enclosed Form of Proxy, if named as a proxy, intend to vote for the appointment of KPMG LLP as auditors and to authorize the directors to fix the remuneration of the Auditors.**

#### 5. APPROVAL OF THE UNALLOCATED OPTIONS PURSUANT TO THE OPTION PLAN

The terms of the Option Plan (including any amendments that have been made to the Option Plan since implementation) as well as the purpose for which it was created are described in more detail under the heading Executive Compensation Discussion and Analysis: "3. Program Components"; "Equity Incentive Plans".

When Options have been granted pursuant to the Option Plan, Common Shares that are reserved for issuance under an outstanding Option are referred to as allocated Options. Alaris has additional Common Shares that may be issued under the Option Plan, but as they are not subject to current Option grants, they are referred to as unallocated Options.

As at the Record Date Alaris had Options to purchase 1,796,248 Common Shares (equal to approximately 6.25% of the outstanding Common Shares at the Record Date) outstanding under the Option Plan and had 238,207 RSUs (equal to approximately 0.83% of the outstanding Common Shares at the Record Date) issued and outstanding under the RSU Plan, leaving 837,762 Common Shares (equal to approximately 2.92% of the outstanding Common Shares at the Record Date) unallocated and available for future grants under the Option Plan and the RSU Plan (the number of Common Shares that may be reserved for issuance under the Option Plan and the RSU Plan may not exceed 10% of the issued and outstanding Common Shares), with the allocation between Options and RSUs to be determined by the Board.

Section 613(a) of the TSX Company Manual provides that every three (3) years after the institution of a security based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders. Shareholders previously approved the unallocated Options under the Option Plan at the annual general and special meeting of Shareholders held on April 27, 2011. Therefore, at the Meeting, Shareholders will be asked to approve an ordinary resolution approving the unallocated Options under the Option Plan. If approval is not obtained at the Meeting, Options which have not been allocated as of the Meeting Date and Options which are outstanding as of the Meeting Date and which are subsequently cancelled, terminated or exercised will not be available for a new grant of Options under the Option Plan. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the CG Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

The Board believes the Option Plan, in conjunction with the RSU Plan, are key components of Alaris' compensation strategy in aligning our Management's and employees' interests with those of our shareholders, by linking performance compensation to the enhancement of shareholder value. The directors propose that the following ordinary resolution respecting the unallocated Options under the Option Plan be approved by the Shareholders:

*"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE HOLDERS OF COMMON SHARES, THAT:*

- 1) *All unallocated options issuable pursuant to the share option plan of the Corporation are approved and authorized until May 8, 2017; and*
- 2) *Any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."*

**Unless otherwise instructed, the persons designated in the enclosed Form of Proxy intend to vote in favour of the foregoing resolution.** This resolution must be approved by a simple majority of the votes cast at the Meeting, in person or by proxy.

#### 6. APPROVAL OF THE UNALLOCATED RSUs PURSUANT TO THE RSU PLAN

The terms of the RSU Plan (including any amendments that have been made to the RSU Plan since implementation) as well as the purpose for which it was created are described in more detail under the heading Executive Compensation Discussion and Analysis: "3. Program Components"; "Equity Incentive Plans"

When RSUs have been granted pursuant to the RSU Plan, Common Shares that are reserved for issuance under an outstanding RSU are referred to as allocated RSUs. Alaris has additional Common Shares that may be issued under the RSU Plan, but as they are not subject to current RSU grants, they are referred to as unallocated RSUs.

As at the Record Date Alaris had Options to purchase 1,796,248 Common Shares (equal to approximately 6.25% of the outstanding Common Shares at the Record Date) outstanding under the Option Plan and had 238,207 RSUs (equal to approximately 0.83% of the outstanding Common Shares at the Record Date) issued and outstanding under the RSU Plan, leaving 837,762 Common Shares (equal to approximately 2.92% of the outstanding Common Shares at the Record Date) unallocated and available for future grants under the Option Plan and the RSU Plan (the number of Common Shares that may be reserved for issuance under the Option Plan and the RSU Plan may not exceed 10% of the issued and outstanding Common Shares), with the allocation between Options and RSUs to be determined by the Board.

As indicated earlier, the policies of the TSX provide that every three (3) years after the institution of a security based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders. Shareholders previously approved the unallocated Options under the Option plan at the annual general and special meeting of Shareholders held on April 27, 2011. Therefore, at the Meeting, Shareholders will be asked to approve an ordinary resolution approving the unallocated RSUs under the RSU Plan. If approval is not obtained at the Meeting, RSUs which have not been allocated as of the Meeting Date and RSUs which are outstanding as of the Meeting Date which are subsequently cancelled, terminated or exercised will not be available for a new grant of RSUs under the RSU Plan. Previously allocated RSUs will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the CG Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

The Board believes the RSU Plan, in conjunction with the Option Plan, are key components of Alaris' compensation strategy in aligning our Management's and employees' interests with those of our Shareholders, by linking performance compensation to the enhancement of shareholder value. As such, the directors propose that the following ordinary resolution respecting the unallocated RSUs under the RSU Plan be approved by the Shareholders:

*"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE HOLDERS OF COMMON SHARES, THAT:*

- 1) *All unallocated restricted share units issuable pursuant to the restricted share unit plan of the Corporation are approved and authorized until May 8, 2017; and*
- 2) *Any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."*

**Unless otherwise instructed, the persons designated in the enclosed Form of Proxy intend to vote in favour of the foregoing resolution.** This resolution must be approved by a simple majority of the votes cast at the Meeting, in person or by proxy.

## DIRECTORS OF THE CORPORATION

### DIRECTORS DESCRIPTIONS

#### Jack C. Lee

Calgary, Alberta  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

#### Areas of Expertise

Industries:

- Financial Services
- Energy

Mr. Lee is President of Facet Resources Ltd., a private investment company. Mr. Lee is currently Lead Director of Sprott Inc. and Chairman of Ithaca Energy Inc., both TSX listed companies. Mr. Lee is also the Chairman of the board of CanEra Energy Inc. and Gryphon Petroleum Corp., both private oil and gas companies and he sits on the board of a TerraMer Inc., a private oil and gas service company. Prior thereto he was Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and Chairman, President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee has a Bachelors of Arts and a Bachelors of Commerce degree and holds an ICD.D designation from the Institute of Corporate Directors.

Board/Committee Membership		Attendance	Attendance Total	
Board of Directors (Chair) <sup>(2)</sup>		15	15 out of 15	100%
Audit <sup>(2)</sup> , CG Committee		5	5 out of 5	100%
Current Board Memberships				
Sprott Inc.		Lead Director Compensation Committee (since May, 2008) Audit Committee (since May, 2008)		
Ithaca Energy Inc.		Non-Executive Chairman Audit Committee Reserves Committee		
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>		Restricted Share Units (RSUs) <sup>(4)</sup>		Total of Common Shares and RSUs
208,986		18,750		225,368

#### E. Mitchell Shier

Calgary, Alberta  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

#### Areas of Expertise

Industries:

- Legal
- Energy

Mr. Shier is General Counsel, Corporate Secretary and Manager, Land at Paramount Resources Ltd., which he joined in November, 2008. Prior to joining Paramount, Mr. Shier spent over 24 years in private practice where he specialized in mergers and acquisitions and oil and gas and general commercial law. He is also on the board of Trilogy Energy Corp.

Board/Committee Membership		Attendance	Attendance Total	
Board of Directors <sup>(2)</sup>		14	14 out of 15	93.33%
CG Committee (Chair, Governance Matters)		2	2 out of 2	100%
Current Board Memberships				
Trilogy Energy Corp. (and its predecessor Trilogy Energy Trust)				
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>		Restricted Share Units (RSUs) <sup>(4)</sup>		Total of Common Shares and RSUs
15,000		15,000		30,000

**John P.A. Budreski**

Toronto, Ontario  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

**Areas of Expertise**

Industries:

- Financial Services
- Energy

Mr. Budreski has been the President and Chief Executive Officer of Morien Resources Corp. since November 2012. Previously, he was a Managing Director and a Vice Chairman with Cormark Securities Inc. from 2009 to 2012. He was the President and Chief Executive Officer of Orion Securities Inc. from 2005 to 2007. Prior to this, he filled the roles of a Managing Director of Equity Capital Markets and Head of Investment Banking for Scotia Capital Inc. from March 1998 to February 2005 after starting out as a Managing Director of US Institutional Equity Group for Scotia Capital. He also held senior management roles in investment banking and equity sales and trading for RBC Dominion Securities and worked for Toronto Dominion Bank. He holds an MBA from the University of Calgary and a Bachelor of Engineering from TUNS/Dalhousie.

Board/Committee Membership		Attendance	Attendance Total	
Board of Directors <sup>(2)</sup>		15	15 out of 15	100%
CG Committee (Chair, Compensation Matters)		2	2 out of 2	100%
Current Board Memberships				
Sandstorm Metals and Energy Ltd.		Audit Committee		
Sandstorm Gold Ltd.		Audit Committee		
Morien Resources Corp.				
Delta Gold Corporation		Audit Committee		
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>		Restricted Share Units (RSUs) <sup>(4)</sup>		Total of Common Shares and RSUs
72,691		15,000		87,691

**Mary C. Ritchie**

Edmonton, Alberta  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

**Areas of Expertise**

Industries:

- Financial Services

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 a member of the Board of Governors and Chair of the Financial Advisory Committee of RBC Global Asset Management. She is also a member of the Board of Directors of Industrial Alliance Ltd.

Board/Committee Membership		Attendance	Attendance Total	
Board of Directors <sup>(2)</sup>		13	13 out of 15	86.67%
Chair - Audit Committee		5	5 out of 5	100%
Current Board Memberships				
Industrial Alliance Assurance and Financial Services Inc.				
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>		Restricted Share Units (RSUs) <sup>(4)</sup>		Total of Common Shares and RSUs
40,000		15,000		55,000

**Gary Patterson**

Kelowna, B.C.  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

**Areas of Expertise**

Industries:

- Financial Services
- Consumer Discretionary
- Real Estate

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. Mr. Patterson is a director of DRI Capital Inc., a private fund manager. Mr. Patterson was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust and the board of directors of EarthFirst Canada Inc. and Seacliff Construction Corp. Mr. Patterson is a Fellow of the Institute of Chartered Accountants of British Columbia.

Board/Committee Membership		Attendance	Attendance Total	
Board of Directors <sup>(2)</sup>		15	15 out of 15	100%
Audit Committee		5	5 out of 5	100%
Current Board Memberships				
DRI Capital Inc.				
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Total of Common Shares and RSUs		
13,000	15,000	28,000		

**Steve King**

Calgary Alberta  
Canada  
Director Since: 2008

**Areas of Expertise**

Industries:

- Financial Services

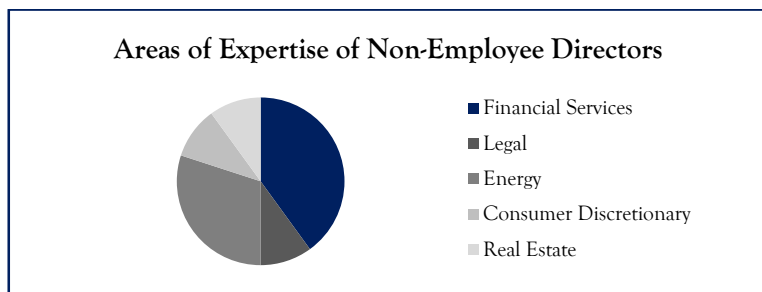
Prior to joining Alaris in July 2008, Mr. King was and continues to be the President and Chief Executive Officer of Alaris IGF Corp. and its predecessor since April 2004. Prior thereto, Mr. King spent 12 years in the investment banking industry and is a Chartered Financial Analyst. Mr. King is a director of Gold Corp. Royalties, a public corporation, and is a director of Metropolitan Investment Corporation, a private investment company.

Board/Committee Membership		Attendance	Attendance Total	
Board of Directors <sup>(2)</sup>		14	14 out of 15	93.33%
Current Board Memberships				
Gold Corp. Royalties				
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Options Held	Total of Common Shares and RSUs	
453,718	59,213	701,261	512,931	

**Notes:**

- (1) Independent refers to the Board's determination of whether a director is "independent" under the categorical standards adopted by the Board as described under the heading "Director Independence" in Schedule 1 to this Information Circular.
- (2) The 15 meetings held by the Board of Directors & the 5 meetings held by the Audit Committee in fiscal 2013 included meetings which were outside their regular meeting schedule.
- (3) "Common Shares" refers to the number of Common Shares, as applicable, that are beneficially owned, directly or indirectly, or over which control or direction is exercised, by the director nominee as of the Record Date. The information as to the number of securities beneficially held by each nominee is based upon information furnished to us by the nominees and public filings for each director. For Mr. Lee, 20,000 of these Common Shares are held through Facet Resources Ltd., an investment corporation controlled by Mr. Lee and for Mr. King 1,420 are held by his spouse and children.
- (4) "RSUs" refers to the number of Restricted Share Units held by the nominee under the RSU Plan as of the Record Date.
- (5) The number of securities held by each Director is reported as of the Record Date. None of the directors, other than Stephen King, held any unexercised options under Alaris' Option Plan. Options held by Mr. King are more particularly described in the Executive Compensation tables beginning on page 32 of this Information Circular.

## AREAS OF EXPERTISE OF NON-EMPLOYEE NOMINEES FOR THE BOARD OF DIRECTORS



### ADDITIONAL DISCLOSURE RELATING TO DIRECTORS

In fiscal 2013, no director of Alaris served on an outside board with any other director of Alaris.

To Alaris' knowledge, no proposed director of Alaris:

- 1) is, as at the date of this Information Circular, or has been, within the 10 years before, a director, CEO or CFO of any company (including Alaris):
  - a) subject to an order (including a cease trade order, or an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation) for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - b) subject to an order (including a cease trade order, or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation) for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;
- 2) is, as at the date of this Information Circular, or has been, within the 10 years before, a director or executive officer of any company (including Alaris), that while that person was acting in that capacity or within a year of the 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; or
- 3) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;

Except as follows:

- (1) Until March 2, 2010, Messrs. Budreski and Patterson were directors of EarthFirst. EarthFirst was engaged in development of wind power and related generation facilities. EarthFirst obtained creditor protection under CCAA on November 4, 2008. The CCAA process has now been completed and Earth First Canada has been amalgamated with another company and no longer exists as a separate entity.
- (2) Mr. Lee was a director of Darian. Darian was engaged in the business of oil and gas exploration and development. Darian obtained creditor protection under the CCAA pursuant to an order granted on February 12, 2010 by the Court of Queen's Bench of Alberta. The CCAA process has now been completed and Darian was sold to Crescent Point Energy Corp., and as a result, Darian's creditors were repaid in full and its equity holders were repaid an additional \$30 million.

To Alaris' knowledge, none of its proposed directors have 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 Shareholder in deciding whether to vote for a proposed director.

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## BOARD OF DIRECTORS COMPENSATION

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### HOW WERE ALARIS' DIRECTORS COMPENSATED IN 2013?

Alaris' directors are not paid any retainer fees or fees for attending director or committee meetings. Directors are, however, reimbursed for any travel and out-of-pocket expenses incurred in attending Board and Committee meetings. In addition, all of Alaris' non-employee directors have been issued RSUs under Alaris' RSU Plan.

### DIRECTORS' SHARE OWNERSHIP

As at the date of this Information Circular:

- total Common Shares held by non-employee directors: 347,309
- total RSUs held by non-employee directors: 78,750
- total value of Common Shares and RSUs held by non-employee directors: \$12,734,904 (based on the closing price of the Common Shares on the Toronto Stock Exchange as of the Record Date which was \$29.89).

### Restricted Share Units Outstanding

Jack C. Lee	18,750
Mary C. Ritchie	15,000
E. Mitchell Shier	15,000
John P.A. Budreski	15,000
Gary Paterson	15,000
<b>Total</b>	<b>78,750</b>

**Note:**

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

The RSUs issued to the non-employee directors have different vesting conditions than the RSUs issued to Alaris' Named Executive Officers and employees. The CG Committee determined that the different vesting conditions were appropriate because non-employee directors do not receive any other remuneration. The RSUs issued to such directors are intended to compensate such directors for their services, provide long-term incentive to them and align their interests with those of the Shareholders.

The Board has approved an annual grant of RSUs to the non-employee directors in an amount equal to that number of RSUs that vest each year for each non-employee director. Such additional RSUs vest at the end of 3 years following the date of grant and an equivalent number of Common Shares are to be issued at that time.

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.

On January 28, 2014 the following RSUs issued to non-employee directors, vested and the following Common Shares were issued as a result. In addition, in accordance with the annual grant of RSUs approved by the Board, the following additional RSUs were immediately granted to the non-employee directors to replace the vested RSUs:

Name	January 28, 2014 (RSUs Vested)	January 28, 2014 (Common Shares Issued)	January 28, 2014 (RSUs issued)
Jack C. Lee	-6,250	6,250	6,250
Mary C. Ritchie	-5,000	5,000	5,000
E. Mitchell Shier	-5,000	5,000	5,000
John P.A. Budreski	-5,000	5,000	5,000
Gary Patterson	-5,000	5,000	5,000



**Note:**

- (1) The grant of the additional RSUs was part of the non-employee director's compensation for the year ended December 31, 2013, but were not issued until January 2014 in accordance with the terms of the RSU Plan)
- (2) On January 15, 2013 the same number of RSUs vested and the corresponding number of Common Shares and RSUs were issued. The additional RSUs granted in January 2013 was part of the compensation for non-employee directors for the year ended December 31, 2012, but were not issued until January 2013 in accordance with the terms of the RSU Plan

Unless otherwise agreed by the Board, if a director is no longer a director of Alaris, the director ceases to be a participant under the RSU Plan, and forfeits all unvested RSU awards.

**Directors' Summary Compensation Table**

The following table sets out for the year ended December 31, 2013 information concerning the compensation paid to our non-employee directors:

Directors	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	-	158,938	-	-	-	25,219	184,157
E. Mitchell Shier	-	127,150	-	-	-	20,175	147,325
Mary C. Ritchie	-	127,150	-	-	-	20,175	147,325
John P.A. Budreski	-	127,150	-	-	-	20,175	147,325
Gary Patterson	-	127,150	-	-	-	20,175	147,325

**Notes:**

- (1) The RSU awards set forth in the table above were issued as part of the compensation for non-employee directors for the fiscal year ending December 31, 2012, but were not issued until January 2013 in accordance with the terms for the RSU Plan. Based on the value of RSUs granted to the non-employee directors on the date of grant. The fair value on the grant date for compensation purposes was calculated based upon the deemed or actual, as applicable, market price of the Common Shares on the date the RSUs were granted and assuming that Alaris would satisfy all of the vesting conditions for the currently issued and outstanding RSUs. For RSUs granted on January 15, 2013, the fair market value of the Common Shares on the date of grant was \$25.43 per Common Share, respectively, which was the five day volume weighted average price on the day of vesting. 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 the date of vesting 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 Equivalents paid to the director pursuant to the RSU Plan and the fair value of shares issued upon vesting during the year.
- (3) On January 28, 2014 certain of the RSUs granted to non-employee directors vested and such directors were issued additional RSUs (see the second table under "Directors Compensation" above). The RSUs granted to non-employee directors in January 2014 were issued as part of the compensation for non-employee directors for the fiscal year ending December 31, 2013, but were not issued until January 2014 in accordance with the terms for the RSU Plan.

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

For each of our non-employee directors, the following table sets out all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2013.

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	560,063
Mary C. Ritchie	-	-	-	-	15,000	448,050
E. Mitchell Shier	-	-	-	-	15,000	448,050
John P.A. Budreski	-	-	-	-	15,000	448,050
Gary Patterson	-	-	-	-	15,000	448,050

**Notes:**

- (1) Non-employee directors have not been granted Options. The only remuneration they receive is in the form of RSUs and Dividend Entitlements.
- (2) Calculated based on the \$29.87 closing price of the Common Shares on the TSX as of December 31, 2013 and on the assumption that vesting criteria was satisfied at December 31, 2013. 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, being the five day volume weighted average price for the five trading days preceding the date of vesting and can therefore fluctuate from the grant date fair value used to calculate the value disclosed in the table above. On January 28, 2014, 5,000 RSUs for each non-



employee director other than Mr. Lee (6,250 for Mr. Lee) vested and the corresponding number of common shares were issued. In addition, each non-employee director was granted the same number of RSUs as those that vested.

### **Directors' Incentive Plan Awards - Value vested or Earned During the Year**

For each of our non-employee directors, the following table sets out the value of option-based awards and share-based awards which vested during the year ended December 31, 2013 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2013 and updated for.

<b>Name</b>	<b>Option-based awards- Value vested during the year <sup>(1)</sup> (\$)</b>	<b>Share-based awards- Value vested during the year <sup>(2)</sup> (\$)</b>	<b>Non- equity incentive plan compensation- Value earned during the year <sup>(3)</sup> (\$)</b>
<b>Jack C. Lee</b>	-	158,938	-
<b>Mary C. Ritchie</b>	-	127,150	-
<b>E. Mitchell Shier</b>	-	127,150	-
<b>John P.A. Budreski</b>	-	127,150	-
<b>Gary Patterson</b>	-	127,150	-

**Notes:**

- (1) Non-employee directors have not been granted Options.
- (2) The following RSUs granted to non-employee directors vested on January 15, 2013 and the same number of shares were issued to non-employee directors: Jack C. Lee, 6,250; Mary C. Ritchie, 5,000; E. Mitchell Shier, 5,000; John P.A. Budreski, 5,000; and Gary Patterson, 5,000. The value of the vested RSUs has been calculated based on the five day volume weighted average price on the day of vesting is \$25.43.
- (3) Alaris does not have any non-equity incentive plans for non-employee directors.

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## **EXECUTIVE COMPENSATION**

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### **COMPENSATION GOVERNANCE**

The CG Committee is a committee of the Board and is responsible for reviewing and monitoring Alaris' compensation program in light of corporate goals and objectives, and recommending changes to the Board, as well as recommending to the Board, the level and form of compensation to be made to Management and Alaris' directors. For a more complete description of the role, powers, duties and responsibilities of the CG Committee, particularly with respect to compensation matters, please refer to the discussion in Schedule 1 beginning on page 40 of this Information Circular.

The CG Committee currently consists of John P.A. Budreski (Chair, Compensation Matters), E. Mitchell Shier (Chair, Governance Matters) and Jack C. Lee. All members of the CG Committee are "independent" within the meaning of the relevant CSA rules and standards. For more information on the determination of independence of the CG Committee members, please refer to the discussion in Schedule 1 beginning on page 40 of this Information Circular.

All members of the CG Committee are independent. For information concerning each member's direct experience relevant to his responsibilities in executive compensation, please see the Director descriptions beginning on page 16 of this Information Circular.

### **COMPENSATION REVIEW**

The CG Committee conducted a review of Alaris' compensation program in 2012. As part of this process, the CG Committee retained the services of an independent compensation consultant, Lane Caputo Compensation Inc. ("**Lane Caputo**").

As a result of such review, the Board determined that certain changes were required to our current compensation structure to ensure it continues to be competitive from both a quantum and structure perspective, appropriately rewards long-term growth and performance and does not encourage inappropriate risk taking. The review resulted in the CG Committee refining its set of guidelines for the Board to assist in determining compensation to be paid to Alaris employees. Such guidelines are more particularly described in the Program Components tables of this Information Circular beginning on page 27 herein. These guidelines are intended to be guidelines only, and the Board continues to have the discretion to adjust or change such guidelines as circumstances warrant. In addition to the development of these guidelines, the review further resulted in a change in philosophy concerning the compensation mix such that compensation will include an appropriate combination of RSUs, share options, cash bonuses and base salaries. No changes were made to the compensation program for Alaris' directors.

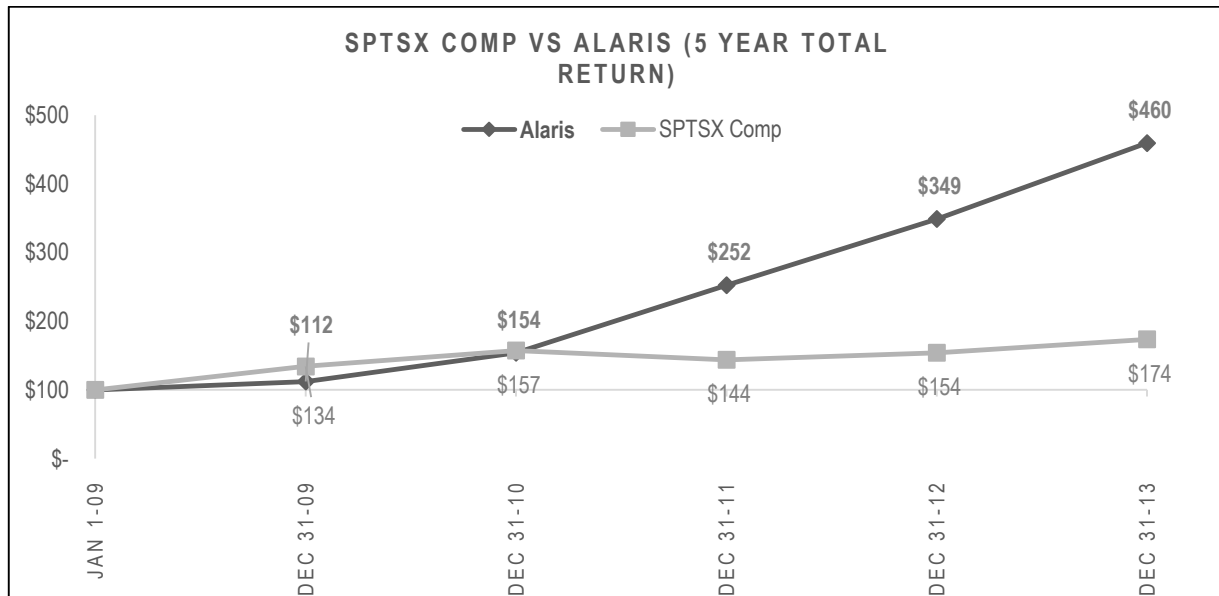
As of the date of this Information Circular, the CG Committee has not taken any new actions, decisions or policies which would have had a material effect on Alaris' executive compensation program.

## PERFORMANCE GRAPHS & COMPENSATION RELATIVE TO SHAREHOLDER RETURN

During 2013, stability slowly continued to return to the economy while the financial markets in the U.S. and Canada continued to show year over year growth, although global economic recovery and expansion continues to be tempered by certain geopolitical events in North America and abroad. We continued to make solid progress in advancing our strategic agenda in 2013. Our strategic priorities include: generating stable cash flows from existing Private Company Partners; adding new Private Company Partners both in Canada and the United States; and strengthening our relationships with our existing Private Company Partners by providing additional funding where required in furtherance of their growth programs. During 2013, our returns to Shareholders were significant, reflecting: (i) the increased cash flow per share with the addition of accretive contributions into three new Private Company Partners (SCR, Sequel and SMI), as well as additional cash flow per share from accretive follow-on contributions to Agility and Killick; (ii) continued growth in cash flows from net organic increases of distributions from our Private Company Partners and; (iii) two increases in our monthly dividend in May and June, 2013 representing a 20% increase year over year. This growth in our business led to continued outperformance of the S&P/TSX Composite Total Return Index (the "Index") in 2013. Total return to Shareholders in 12 months ended December 31, 2013 was 32% vs 13% for the Index over that same time period.

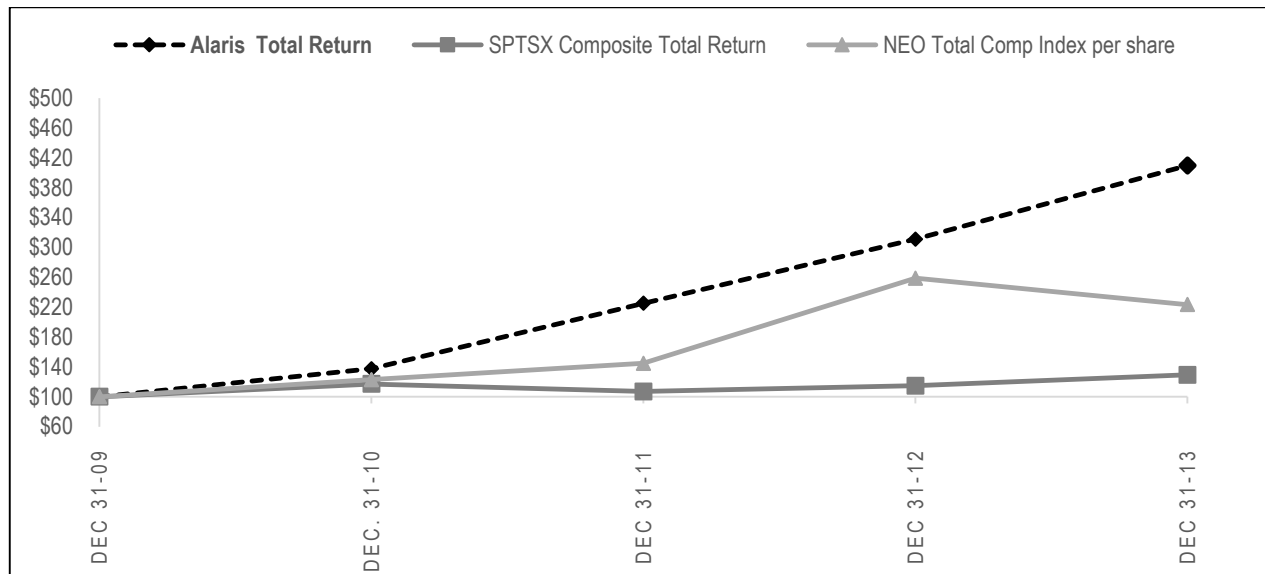
The figures below depict the following information for the last five years: (i) the total return on investing \$100 into both Alaris Common Shares and the Index on January 1, 2009 (figure 1), which includes reinvesting dividends for both at each year end; and (ii) our executive compensation ("NEO Total Compensation Index") relative to the total returns to our Shareholders and the total returns of the Index over a 4 year period from January 1, 2010 to December 31, 2013 (figure 2).

**Figure 1: Total Return- \$100 Investment on January 1, 2009**



	Jan. 1/09	Dec 31/09	Dec 31/10	Dec 31/11	Dec 31/12	Dec 31/13	Total Return
<b>Alaris Royalty Corp. – Total Return</b>	\$100	112	154	252	349	460	<b>360%</b>
<b>S&amp;P/TSX Composite Index – Total Return</b>	\$100	134	157	144	154	174	<b>74%</b>

**Figure 2: Executive Compensation Compared to Shareholder and Index Return from January 1, 2010 to December 31, 2013**



Period ending	Dec 31-09	Dec 31/10	Dec 31/11	Dec 31/12	Dec 31/13	Total Return
Alaris Royalty Corp. – Total Return	\$100	138	225	311	410	310%
S&P/TSX Composite Index – Total Return	\$100	117	107	115	129	29%
NEO Total Compensation Index	\$100	123	145	259	223	123%
NEO Total Compensation (per weighted share)	\$0.128	\$0.157	\$0.185	\$0.331	\$0.286	

**Note:**

- (1) Alaris executive compensation was derived by dividing each segment of total compensation by the weighted number of shares outstanding for each given fiscal year end. These share numbers can be found in our December 31, 2013 annual financial statements, as filed under our profile on SEDAR.
- (2) Executive compensation (bonus and stock based compensation) is based on Alaris' performance over a 1 year period from July 1 to June 30 of each year.

Our Board considers several factors in connection with its determination of appropriate levels of compensation, including, but not limited to, the Board's compensation philosophy and guidelines; the demand for and supply of skilled professionals in the financial services industry generally; individual performance; our corporate performance (which is not necessarily tied exclusively to the trading price of the shares on the TSX); and other factors discussed under "Executive Compensation Discussion and Analysis" beginning at page 25 of this Information Circular. Furthermore, certain aspects (including bonuses and the vesting of RSUs) are based in part on the achievement of certain predetermined performance metrics and is measured against corporate performance, and does not necessarily track the changes in the market value of our Common Shares. As Options and RSUs form a significant portion of compensation, the total compensation for NEOs is affected by increases and decreases in the price of the Common Shares as the value of such Options and RSUs decrease as the Common Share price decreases.

The trading price of the Common Shares on the TSX is subject to fluctuation based on a number factors (including, but not limited to global economic conditions, changes in government, legislation, performance of our Private Company Partners, and other factors), many of which are outside the control of Alaris.

As can be seen from figure 1, the Common Shares have outperformed against the Index since January 1, 2009 (figure 1). Shareholders that have held Common Shares since that date have realized a total return (including dividends received) of 360% based on the closing price on December 31, 2013 versus a 74% return from the Index (including dividend re-investment). On share price alone, Shareholders have realized a 232% return as of December 31, 2013 on their Common Shares purchased January 1, 2009 versus a 52% increase in the Index's value.

As demonstrated in figure 2, executive compensation has been relatively stable and has increased marginally vs the total return Shareholders have received since January 1, 2009. Executive compensation is largely performance based and as such it is expected to continue to be positively correlated to the returns shareholders receive.

## EXECUTIVE COMPENSATION- RELATED FEES

During 2012, Alaris paid approximately \$24,000 for services performed by Lane Caputo Compensation Inc. in respect of the CG Committee's review of Alaris' compensation program in 2012. No fees were paid during 2013.

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## EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

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### 1. COMPENSATION APPROACH AND OBJECTIVES

Alaris' approach to compensation is based on a "pay for performance" philosophy whereby fixed elements of pay such as salary, are positioned at, or below, market median levels, while short and long-term incentives are structured to provide above-market total compensation for high levels of corporate performance. Our compensation practices are designed to provide an effective balance among four core compensation principles:

- Compensation is **aligned with overall Alaris performance**. It is linked to both corporate and individual performance.
- Compensation **encourages a long-term view to increasing Shareholder value**. A significant portion of each executive's variable pay is equity-based and encourages executives to take significant personal and financial interest in the long-term health and growth of Alaris.
- Compensation **does not encourage excessive or inappropriate risk-taking**. Compensation structures reflect risk and capital usage and a significant portion of each executive's compensation is deferred.
- Compensation **helps attract and retain highly trained, experienced and committed talented people** and motivates them to excel against specified corporate objectives.

The governing objective of Alaris' compensation program continues to be to motivate Alaris' employees to build a highly diversified group of Private Company Partners in North America with a conservative financial structure and a stable and consistently increasing dividend stream to Alaris Shareholders. In meeting this objective, the intent of our compensation program is to motivate Alaris employees to: (1) pursue a series of judicious and accretive partnerships with new Private Company Partners, principally financed with debt financing and/or an equity from new issuances of Common Shares; (2) ensure a responsible use of debt; and (3) maintain relationships with our Private Company Partners for the long term. In this manner, executive and director interests are aligned with those of Shareholders. Executives are evaluated annually and compensation awards are made annually as appropriate in light of such performance factors. Annual awards and allocations of Options, RSUs and bonuses are recommended to the Board by the CG Committee, in consultation with the CEO.

### 2. RISK ASSESSMENT

The CG Committee has considered the implications of the risks associated with Alaris' compensation program and has determined that the compensation program does not encourage an NEO to take in appropriate or excessive risks. Reasons for this determination include, without limitation, the following:

- Components of the compensation program are awarded on a discretionary basis;
- The compensation package for NEOs reviewed and assessed annually by the CG Committee and the Board;
- The compensation program consists of fixed (base salary) and variable (bonuses, Options and RSUs), and this is purposely designed to balance the level of risk taking while also focusing on generating long-term and sustainable value and growth for Shareholders;
- RSUs and Options, which make up a significant portion of an NEO's total compensation, vest over a period of three years (in the case of RSUs) or four years (in the case of Options), which acts to further mitigate against the potential for in appropriate short-term risk taking;
- The NEOs primarily receive awards of Options and RSUs having regard to completed transactions involving additional or new contributions to existing or new Private Company Partners. Such transactions must be approved by the independent Board members and cannot be concluded at management's discretion without such approval;
- There are no compensation policies and practices that are structured significantly differently for any NEOs; and
- An NEO that resigns or is terminated for cause forfeits their bonus and, unless otherwise determined any unvested, outstanding Options or RSUs.

The CG Committee will continue to monitor compensation governance and risk assessment practices on an ongoing basis to ensure that Alaris' compensation program is appropriately structured.

### ***Restrictions on Certain Hedging Activities and Financial Instruments***

No insider, employee or consultant of Alaris may, directly or indirectly: (a) sell a security of Alaris if such person does not own or has not fully paid for the security to be sold; (b) buy or sell a call or put in respect of a security (c) engage in short sales of securities; or (d) purchase financial instruments (including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities of Alaris granted as compensation or held, directly or indirectly, by such person; provided that notwithstanding these prohibitions, insiders, employees or consultants may sell a Common Share which such person does not own if such person owns another security convertible into Common Shares or an option or right to acquire Common Shares sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the Common Share so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser. We believe that such arrangements reduce the risk of equity ownership by directors, officers, employees and consultants and thereby negate the alignment of interests of such persons with those of Shareholders. As such we have incorporated the foregoing restrictions to help ensure the continued alignment of interest of our directors, officers, employees and consultants with shareholders.

### ***Executive Compensation Benchmarking***

Although our preliminary analysis shows that there are no directly comparable public companies in Canada, the CG Committee has determined it will be beneficial to include some benchmark analysis as a part of its annual compensation review, which takes place in July of every year. As a part of this analysis the CG Committee will, prior to July of each year, develop an appropriate benchmark group (the “**Executive Compensation Benchmark Group**”) and will compare the total compensation for Alaris’ Named Executive Officers with the total compensation for executives holding similar positions with members of the Executive Compensation Benchmark Group. No particular emphasis will be placed on the comparator group information; rather such information will be one of a number of tools utilized by the CG Committee in its annual review of executive compensation.

The CG Committee intends engage an external consultant to assist in the selection of the Executive Compensation Benchmark Group and collect relevant market data for the determination of the 2014 Executive Compensation Benchmark Group. However, it is anticipated that emphasis will be placed on the following criteria when determining the Executive Compensation Benchmark Group each year:

- 1) Canadian-based organizations, specifically those operating in the financial services sector, dividend paying entities and those with a royalty based revenue stream;
- 2) organizations included in the S&P/TSX Composite Index and/or the S&P/TSX Equity Income Index;
- 3) organizations of similar size and complexity in other industries; and
- 4) organizations from which future executives may reasonably be expected to be recruited or to which current executives may reasonably be expected to move.

## **3. PROGRAM COMPONENTS**

### ***Compensation-Key Components***

Alaris' compensation program seeks to evaluate an executive based on both corporate and individual performance. Corporate performance is measured through two primary means, namely: (1) an evaluation of financings completed by Alaris to raise funds for contributions to new and existing Private Company Partners; and (2) the concept of Total Cash Available for Distribution per Common Share (discussed below). Individual performance is generally evaluated based on individual expertise and responsibilities, leadership and achievement of personal performance goals and objectives as well as individual contribution to corporate performance.

The key components and guidelines of Alaris' compensation program for executives are outlined in the table below.

Component	Purpose	Form	How it is Determined
<b>Base Pay (Salary)</b>	Forms a relatively small component of total compensation and compensates individuals for fulfilling their role responsibilities.	Cash	Salaries are based on available market place information, as well as an executive's experience, performance and level of responsibility. Salaries are also determined with consideration to Alaris' total compensation package.  An approach of low base salaries and a higher incentive component to employee compensation continues to be appropriate to encourage long-term corporate and individual performance. It is intended that base salaries will increase as Alaris' corporate size, complexity and responsibilities, increase. All salary adjustments are at the discretion of the Board.
<b>Option Plan</b>	Promotes an ownership perspective among executives, encourages executive retention, encourages executives to generate sustained share price growth over the longer term (4 years) and aligns Management's interests with Shareholders interests through participation in share price increases or appreciation in Private Company Partners.	Options	Option Plan awards are made upon the commencement of an executive's employment with Alaris and will be based on the executive's experience, skill set and level of responsibility within Alaris. Additional grants may be made annually at the discretion of the board and are based on the individual's contribution to corporate performance, as well as the overall competitiveness of the executive compensation package.  As a general guideline, Alaris employees are intended to be granted annually such number of Options under the Option Plan that are exercisable into approximately 6% of Alaris' outstanding Common Shares (calculated at the time of grant of such Options). It is intended that the number of Options granted will be calculated with reference to new Common Shares issued in the previous year pursuant to financings completed by Alaris to raise funds for contributions to new and existing Private Company Partners. New Options will be issued once Options have expired to ensure the approximate 6% threshold is maintained; provided that the Board maintains discretion to grant options in excess of this threshold to new employees or in such other circumstances as the Board deems appropriate.
<b>Bonuses</b>	To recognize and encourage short term efforts which are critical to the long-term success and positive performance of Alaris.	Cash	Bonuses are intended to be awarded annually but are discretionary in nature based on the Board's assessment of individual contribution, performance and level responsibility and overall corporate performance.  As a general guideline, the aggregate annual bonus paid to Alaris employees is intended to be based upon 20% of the incremental annual increase, if any, to Alaris' "Total Cash Available for Distribution" (described on page 30 of this Information Circular).
<b>RSU Plan</b>	Encourages executives to create sustainable Shareholder value and returns over a three-year performance cycle and aligns Management's interests with Shareholders interests.	Restricted Share Units (RSUs)	RSU vesting is based on the achievement of Total Cash Available for Distribution and performance targets (described on page 30 of this Information Circular). RSU Plan awards are made upon the commencement of an executive's employment with Alaris and will be based on the executive's level of responsibility within Alaris, experience and skill set.  As a general guideline, Alaris' employees are intended to be granted annually, such number of RSUs under the RSU Plan that are exercisable into 0.5% of the outstanding Common Shares (calculated at the time of grant of such RSUs). It is intended that the number of RSUs granted will be calculated with reference to new Common Shares issued in the previous year pursuant to financings completed by Alaris to raise funds for contributions to new and existing Private Company Partners.

### **Compensation Ancillary Components**

#### **Benefits**

All employees including executives also receive health care insurance benefits that promote employee health and productivity in the workplace.

#### **Perquisites**

All employees including executives are entitled to an additional health spending account of \$2,000 per year and a paid parking stall.



## EQUITY INCENTIVE PLANS

The tables below provide a description of the material features of each plan. The first table below sets out information about the equity plans as at December 31, 2013.

### *Alaris' Share Option Plan*

<b>Date of Implementation</b>	July 31, 2008
<b>Eligibility</b>	Options may be granted by the Board to officers, directors, employees of, and consultants and service providers to Alaris or a subsidiary of Alaris, at the Board's discretion.
<b>Maximum Number of Shares Issuable &amp; that May be Reserved for Issuance</b>	Under the Option Plan, the maximum number of Common Shares issuable under the Option Plan and the RSU Plan (and that may be reserved by Alaris for issuance under the Option Plan and RSU Plan at any given time) is limited to 10% of the total number of outstanding Shares at such time.  As at April 3, 2014, 2,149,362 Common Shares have been reserved for issuance under the Option Plan (representing 7.48% of issued and outstanding Common Shares as at April 3, 2014).
<b>Currently Issued (dilution)</b>	1,796,293 Common Shares to be issued upon exercise of outstanding options (representing 6.25% of Alaris' issued and outstanding Common Shares).
<b>Available for Issue</b>	As at April 3, 2014 353,114 Common Shares remained available for issuance (representing approximately 1.23% of Alaris' issued and outstanding Shares as of April 3, 2014; provided that the maximum number of shares available for reservation under the Option Plan and RSU plan is 10% of the issued and outstanding Common Shares).
<b>Other Limits</b>	Maximum number of Common Shares reserved for issuance in any one year period under Options to any one participant cannot exceed 5% of the Common Shares then issued and outstanding. Maximum number of Common Shares issuable to insiders at any time pursuant to all security-based compensation arrangements of Alaris cannot exceed 10% of all Common Shares then issued and outstanding. Maximum number of Common Shares issued to insiders within any one year period under all security-based compensation arrangements of Alaris cannot exceed 10% of all Common Shares then issued and outstanding. Maximum number of Common Shares issuable at any time pursuant to Options granted to Alaris' directors who are not officers or employees of Alaris is limited to 0.5% of all Common Shares then issued and outstanding.
<b>Maximum option term</b>	<ul style="list-style-type: none"> <li>• 5-year expiry date from date of grant</li> <li>• Unless not permitted by the TSX, if the expiry falls during an Alaris trading black-out period the term is extended by 10 business days after the end of the black-out period.</li> </ul>
<b>Exercise price</b>	Equal to VWAP on the TSX for the 5 trading days immediately preceding the date of grant
<b>Vesting and exercise of options</b>	<ul style="list-style-type: none"> <li>• Before Options can be exercised, they must have vested. The currently issued and outstanding Options vest at 25% per year over four years</li> <li>• The CG Committee has full discretion to determine the number of Options to be granted, and the vesting conditions.</li> </ul>
<b>Expiry of options</b>	<p>The earlier of:</p> <ol style="list-style-type: none"> <li>1) 90 days following a participant's resignation or retirement date;</li> <li>2) Within 6 months of the date of cessation of full-time employment due to death;</li> <li>3) the 5-year anniversary of date of grant</li> </ol> <p>Within 90 days of termination in such circumstance, the participant may exercise all currently vested Options and any Options that would vest within 18 months of termination, within 90 days of termination. Options are forfeited if a participant is terminated for cause.</p>
<b>Transfer</b>	Options cannot be assigned or transferred by the participant.
<b>Change of Control</b>	Upon a change of control, the vesting of an executive's Options may be accelerated at the discretion of the Board.
<b>Surrender Option</b>	A participant is entitled to make a surrender offer to Alaris at any time to dispose of and surrender his Options to the Corporation, for an amount (not to exceed fair market value) specified by the participant. Subject to any required regulatory approval, Alaris may accept such offer but is not obligated to do so. Options surrendered under a surrender offer that is accepted are deemed to be terminated and cancelled and upon payment of the surrender amount to the participant, all further rights to the participant under the Options cease.
<b>Anti-Dilution Provisions</b>	The Board has authority to make appropriate adjustments in the number of Common Shares optioned and in the exercise price under any granted Options to give effect to adjustments in the number of Common Shares of Alaris resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by Alaris, or other relevant changes in the capital of Alaris.
<b>Assignment of Options</b>	Options are not assignable or otherwise transferable.
<b>Plan changes</b>	The Board may amend, modify or terminate the Option Plan at any time provided that any changes are consented to by any applicable regulatory bodies, including the TSX and, where required, by Shareholders. Changes are subject to shareholder approval where such change:

- 1) increases the percentage of Common Shares reserved for issuance under the Option Plan;
- 2) reduces the exercise price of an option;
- 3) extends the term of an option beyond the expiry date (except where an expiry date would have fallen within a blackout period of Alaris);
- 4) increase the maximum number of shares that may be issued to insiders;
- 5) increase the number of Common Shares issuable on exercise of options granted to directors who are not officers or employees of Alaris;
- 6) permit a participant to assign or transfer their options (other than the death of a participant);
- 7) amend the amendment provisions of the Option Plan; and
- 8) do anything else where the TSX requires Shareholder approval.

During 2010 and through 2013, the following amendments were made to the Option Plan:

- 1) July 2010 amendments:
  - a) Clarifying that Alaris has the power and right to deduct or withhold, or require (as a condition of exercise) an optionee to remit to Alaris, the required withholding tax as and when due on the grant or exercise of Options.
  - b) Allowing the withholding tax obligation to be met by Alaris by any one of the following methods or a combination of these methods, at Alaris' discretion:
    - i) Tendering by the optionee of a cash payment (in addition to the exercise price) to Alaris at the time of exercise;
    - ii) Withholding by Alaris from the shares otherwise due to the optionee (and the authority to sell such withheld shares on behalf of the optionee); or
    - iii) Withholding by Alaris from any cash payment otherwise due to the optionee.
  - c) Confirming that with respect to cash payments that may be made in a takeover bid situation, Alaris has the sole discretion to determine whether or not the optionee may claim any deductions from his or her taxable income as a result of such cash payment.
- 2) November 2010 amendments:
  - a) Allowing an optionee, at his or her sole discretion, to choose to receive cash instead of Common Shares in certain circumstances (including the surrender of Options). In such event, Alaris has the sole discretion to determine whether or not the optionee may claim any deductions from his or her taxable income as a result of such cash payment.
- 3) March, 2011 amendments:
  - a) Clarifying that the maximum number of Common Shares issuable under the Option Plan and the RSU Plan is limited to 10% of the total number of outstanding Shares.
  - b) With respect to the insider limits, removing the language which indicates that an entitlement granted prior to the participant becomes an insider may be excluded in determining the number of securities issuable to insiders. The TSX does not permit such grants to be excluded for these purposes and as such, this language has been removed.
- 4) March, 2013 amendments:
  - a) Providing Optionees the right (the "**Cashless Exercise Right**") to request the Corporation to issue Common Shares in exchange for all or any part of the Options of the Participant. Upon exercise of the Cashless Exercise Right, for each Option held for which a cashless exercise notice is delivered, Alaris will issue such number of Common Shares to the Participant as is equal to the number determined as follows:
    - i) dividing the difference between the Market Price and the Exercise Price of such Options by the Market Price;
    - multiplied by**
    - ii) the number of Options specified in the cashless exercise notice.

Alaris may accept such offer but is not obligated to do so. Options surrendered under the Cashless Exercise Right are deemed to be terminated on the issuance of Common Shares thereunder, and all further rights to the participant under the Options cease.

- b) Clarifying the surrender option available to Optionees, specifically to address withholding tax that may be payable pursuant to an accepted surrender offer.
- c) Clarifying that if Alaris accepts a surrender offer made by an Optionee, then the Corporation will allow the participant to claim any deductions from his or her taxable income as a result of such acceptance.



**Alaris RSU Plan**

<b>Date of Implementation</b>	July 31, 2008 (for further Shareholder approval at the Meeting)
<b>Eligibility</b>	RSUs may be provided to officers, directors, employees, consultants and other eligible service providers of Alaris and its subsidiaries who provide services to Alaris
<b>Award Upon Vesting</b>	Upon vesting participant receives 1 Common Share for each RSU held for no additional consideration
<b>Performance Vesting Criteria and Schedule</b>	<p>The CG Committee has full discretion to determine the vesting conditions for any RSUs that are granted. All currently outstanding RSUs granted to employees vest 3 years from the date the RSUs are granted in accordance with the following conditions (see page 20 of this Information Circular for the vesting conditions for RSUs granted to non-employee directors):</p> <ol style="list-style-type: none"> <li>1) ¼ of the RSUs vest automatically;</li> <li>2) ¼ of the RSUs vest if Total Cash Available for Distribution per Share remains flat or increases slightly (as specified by the Board at the time of the RSU grant);</li> <li>3) ¼ of the RSUs vest if Total Cash Available for Distribution per Share increases by 4% compounded annually;</li> <li>4) ¼ of the RSUs vest if Total Cash Available for Distribution per Share increases by 7.5% compounded annually;</li> </ol>
<b>Definition of "Total Cash Available for Distribution"</b>	<p>"Total Cash Available for Distribution per Share" means Alaris':</p> <ol style="list-style-type: none"> <li>A. ongoing revenues from Private Company Partners less cash compensation (including cash and non-cash bonuses), overhead expenses, out-of-pocket expenses and general expenses;</li> </ol> <p><b>Divided by:</b></p> <ol style="list-style-type: none"> <li>B. the weighted average Common Shares outstanding for the period.</li> </ol> <p>Such amounts are to be determined with reference to the audited or reviewed financial statements of Alaris for the trailing twelve month period ending June 30 for the particular period in question. For simplicity, the calculation of "Total Cash Available for Distribution per Share" can be calculated with reference to the "Cash-Flows from Operating Activities" line of the "Condensed Consolidated Statement of Cash Flows" statement with adjustments being made for non-cash compensation, interest payments and cash taxes.</p>
<b>Maximum Number of Shares Issuable &amp; that May be Reserved</b>	<p>Under the RSU Plan, the maximum number of Common Shares issuable under the RSU Plan and Option Plan (and that may be reserved by Alaris for issuance under the Option Plan and RSU Plan at any given time) is limited to 10% of the total number of outstanding Shares at such time.</p> <p>As of April 3, 2014, 648,636 Common Shares have been reserved for issuance under the RSU Plan (representing approximately 2.26% of issued and outstanding Common Shares)</p>
<b>Currently Issued (dilution)</b>	238,207 Common Shares to be issued upon vesting of outstanding RSUs (representing approximately 0.83% of Alaris' issued and outstanding Common Shares as at April 3, 2014).
<b>Available for Issue</b>	As of April 3, 2014, 410,179 Common Shares remaining available for issuance (representing approximately 1.43% of Alaris' issued and outstanding Common Shares; provided that the maximum number of Common Shares available for reservation under the Option Plan and RSU plan is 10% of the issued and outstanding Common Shares).
<b>Restrictions on Vesting</b>	The Board has sole discretion to permit all unvested RSUs to vest immediately.
<b>Other Limits</b>	Maximum number of Common Shares reserved for issuance in any one year period under RSUs to any one participant cannot exceed 5% of the Common Shares then issued and outstanding. Maximum number of Common Shares issuable to insiders at any time pursuant to all security-based compensation arrangements of Alaris cannot exceed 10% of all Common Shares then issued and outstanding. Maximum number of Common Shares issued to insiders within any one year period under all security-based compensation arrangements of Alaris cannot exceed 10% of all Common Shares then issued and outstanding.
<b>RSU Terms</b>	<ul style="list-style-type: none"> <li>• RSUs earn Dividend Equivalents in the form of cash, Common Shares, or a combination thereof. The Board has full discretion to determine the Dividend Equivalent for each participant. Under the terms of Alaris' RSU agreements with its directors &amp; employees, Dividend Equivalent payments to non-employee directors and to employees are made entirely in cash.</li> <li>• Valued at the Common Share price at date of payout.</li> <li>• Unless otherwise determined by the Board, non-vested RSUs are forfeited on retirement, resignation or termination with cause.</li> <li>• RSUs continue to vest upon termination without cause in accordance with specific termination provisions outlined under the heading "Termination and Change of Control Benefits", subject to applicable non-solicit and non-compete provisions.</li> <li>• all RSUs vest immediately upon death of a participant.</li> <li>• the Board has discretion to determine, at the time of grant, whether Common Shares to be issued upon vesting of RSUs are to be purchased on the open market, issued from treasury, or a combination. The Board has determined that all Common Shares to be issued pursuant to the RSUs currently outstanding will be issued from treasury.</li> </ul>
<b>Surrender Option</b>	A participant is entitled to make a surrender offer to Alaris at any time to dispose of and surrender his RSUs to the Corporation, for an amount (not to exceed fair market value) specified by the participant. Subject to any required regulatory approval, Alaris may accept such offer but is not obligated to do so. RSUs surrendered under a surrender offer that is accepted are deemed to be terminated and cancelled and upon payment of the surrender amount to the participant, all further rights to the participant under the RSUs cease.

<b>Anti-Dilution Provisions</b>	The Board has authority to make appropriate adjustments in the number of Common Shares under any granted RSUs to give effect to adjustments in the number of Common Shares of Alaris resulting from subdivisions, consolidations, exchanges or reclassifications of the Common Shares, the payment of stock dividends by Alaris, or other relevant changes in the capital of Alaris.
<b>Transfer</b>	RSUs cannot be assigned or transferred by any participant.
<b>Change of Control</b>	Upon a change of control, the vesting of an executive's Options may be accelerated at the discretion of the Board.
<b>Assignment of RSUs</b>	RSUs are not assignable or otherwise transferrable.
<b>Plan Changes</b>	<p>The Board may amend, modify or terminate the RSU Plan at any time provided that any changes are consented to by any applicable regulatory bodies, including the TSX and, where required, by Shareholders. Changes are subject to shareholder approval where such change:</p> <ol style="list-style-type: none"> <li>1) increases the number of Common Shares reserved for issuance under the Option Plan;</li> <li>2) extends the term of an RSU under the treasury component of the RSU Plan held by an insider;</li> <li>3) increases the maximum number of securities that may be issued to insiders;</li> <li>4) permit a participant to transfer or assign their RSUs;</li> <li>5) amend the amendment provisions of the RSU Plan;</li> <li>6) do anything else which requires shareholder approval.</li> </ol> <p>During 2010 and through 2013, the following amendments were made to the RSU Plan:</p> <ol style="list-style-type: none"> <li>1) <u>July 2010 amendments:</u> <ol style="list-style-type: none"> <li>a) Clarifying that Alaris has the power and right to deduct or withhold, or require (as a condition of exercise) a participant to remit to Alaris, the required withholding tax as and when due on the vesting of RSUs.</li> <li>b) Allowing the withholding tax obligation to be met by Alaris by any one of the following methods or a combination of these methods, at Alaris' discretion: <ol style="list-style-type: none"> <li>i) Tendering by the participant of a cash payment (in addition to the exercise price) to Alaris at the time of vesting;</li> <li>ii) Withholding by Alaris from the shares otherwise due to the participant (and the authority to sell such withheld shares on behalf of the participant); or</li> <li>iii) Withholding by Alaris from any cash payment otherwise due to the participant.</li> </ol> </li> </ol> </li> <li>2) <u>November 2010 amendments:</u> <ol style="list-style-type: none"> <li>a) Allowing a participant, at his or her sole discretion, to choose to elect to receive cash instead of Common Shares in certain circumstances. In such event, Alaris has the sole discretion to determine whether or not the participant may claim any deductions from his or her taxable income as a result of such cash payment.</li> <li>b) Where RSUs have vested, those shares may be delivered to the plan participant beyond 3 years after the grant of RSUs.</li> <li>c) If there is any change in Common Shares as a result of the declaration of stock dividends or subdivisions, consolidations or exchanges of Common Shares or otherwise, the number of Common Shares available for issuance following the vesting of granted RSUs will be adjusted as required by the Board.</li> </ol> </li> <li>3) <u>April 2011 amendments:</u> <ol style="list-style-type: none"> <li>a) Clarifying that if vesting of an RSU falls during an Alaris trading black-out period, the term is extended by 10 business days following the end of the black-out period.</li> </ol> </li> </ol>

## EXECUTIVE COMPENSATION TABLES

### Summary Compensation Table

The table below shows the compensation earned in the last three fiscal years by our NEOs.

	Year	Salary (\$)	Share-based award (RSUs) <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Annual Incentive Plans (Bonus) (\$)		Pension value (\$)	All other compensation <sup>(4)(5)</sup> (\$)	Total compensation <sup>(6)</sup> (\$)
					Bonus <sup>(3)</sup>	Long-term incentive plans			
<b>Stephen King</b> Chief Executive Officer	2013	250,000	555,225	1,465,752	575,000	-	-	75,352	2,921,329
	2012	226,667 <sup>(7)</sup>	1,000,766	951,391	325,000	-	-	114,032	2,617,856
	2011	210,000	-	350,795	550,000	-	-	132,800	1,243,600
<b>Darren Driscoll</b> Chief Financial Officer	2013	215,000	315,233	795,690	322,000	-	-	47,461	1,695,384
	2012	196,771 <sup>(7)</sup>	589,522	560,442	185,000	-	-	83,396	1,615,132
	2011	183,750	-	262,287	225,000	-	-	101,600	772,650
<b>M. Rachel Colabella</b> Chief Legal Officer & Corporate Secretary	2013	187,500	237,939	600,561	243,000	-	-	40,682	1,309,682
	2012	151,042 <sup>(7)</sup>	495,404	470,960	150,000	-	-	34,440	1,301,846
	2011	125,000	-	175,102	125,000	-	-	29,320	454,420
<b>Stephen Reid</b> Senior Vice President, Business Development	2013	135,000	215,596	544,191	222,000	-	-	30,610	1,147,397
	2012	129,167 <sup>(7)</sup>	326,966	310,834	100,000	-	-	40,496	907,462
	2011	125,000	-	258,363	50,000	-	-	45,440	478,740
<b>Curtis Krawetz</b> Vice-President (Investments) & Investor Relations	2013	113,333 <sup>(8)</sup>	90,182	227,650	95,000	-	-	18,709	551,541
	2012	110,000	160,422	150,707	50,000	-	-	14,772	485,901
	2011	100,000	-	37,806	50,000	-	-	13,880	201,686

#### Notes:

- (1) The amount shown is based on the fair value of RSUs awarded under the RSU Plan on the date of grant to the executive officers noted above. 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, none of the RSUs granted to the NEOs have vested.
- (2) The amount shown is based on the fair value of Options granted under the Option Plan on the date of grant to the executive officers noted above. The fair value on the grant date 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 1.58% (2012-1.27%; 2011-1.16%); a dividend yield of 4.25% (2012-5.1%; 2011- 6.8%); and a 32% (2012-38%, 2011-52%) volatility in share price. This methodology was selected due to its acceptance as an appropriate evaluation methodology for companies of similar size as Alaris. The value of the Options disclosed in the table above can fluctuate from the imputed value derived under the Black Scholes method of evaluation.
- (3) Alaris paid an aggregate amount of \$1,488,000 in bonuses to all employees in 2013. The aggregate bonus paid was equal to 20% of the incremental annual increase to Alaris' Total Cash Available for Distribution for the applicable period. The CEO makes a recommendation to the CG Committee for the allocation of the bonus pool for all non-executive employees and NEOs, other than the CEO, based on an individual's contribution, performance, level of responsibility and corporate performance. The CG committee evaluates the CEO based on the same criteria and determines the allocation of the bonus pool for the CEO and then determines the allocation for non-executive employees and other NEOs.
- (4) The value of perquisites received by each of the NEOs, including property or other personal benefits provided to the NEOs that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year.
- (5) This amount represents the value of perquisites and Dividend Entitlements received by the NEO during the fiscal years ending December 31, 2011, 2012, and 2013 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.
- (6) No compensation paid to Mr. King reflected in this column was paid to him in his capacity as a Director of the Corporation.
- (7) This amount represents the total salary paid to the NEO's in the fiscal year ending December 31, 2012. On September 4, 2012, the Board resolved to increase each of Messrs. King, Driscoll, Reid and Ms. Colabella's annual salary as follows, effective August 1, 2012: Mr. King: \$250,000, Mr. Driscoll: \$215,000, Mr. Reid: \$135,000 and Ms. Colabella: \$187,500.
- (8) This amount represents the total salary paid to Mr. Krawetz in the fiscal year ending December 31, 2013. On October 15, 2013, Mr. Krawetz was promoted to his current position with an annual salary of \$120,000.

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

The table below shows the value of all option-based and share-based awards outstanding as at December 31, 2013 for each of the NEOs

Name	Grant Date	Option-based awards				Stock-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> (\$)
Steve King	July 29, 2013	240,000	33.87	July 26, 2018	-	59,213	1,768,692
	September 4, 2012	202,011	23.53	September 4, 2017	320,187		
	December 12, 2011	64,000	16.87	December 12, 2016	416,000		
	August 5, 2011	35,000	15.48	August 15, 2016	251,825		
	December 22, 2010	150,000	11.56	December 22, 2015	2,062,125		
	November 2, 2009	10,250	7.27	November 2, 2014	231,650		
Darren Driscoll	July 29, 2013	130,285	33.87	July 26, 2018	-	34,529	1,031,381
	September 4, 2012	119,000	23.53	September 4, 2017	188,615		
	December 12, 2011	49,000	16.87	December 12, 2016	318,500		
	August 5, 2011	25,000	15.48	August 15, 2016	179,875		
	December 22, 2010	60,000	11.56	December 22, 2015	824,850		
	November 2, 2009	7,750	7.27	November 2, 2014	175,150		
Rachel Colabella	July 29, 2013	98,335	33.87	July 26, 2018	-	28,215	842,782
	September 4, 2012	100,000	23.53	September 4, 2017	158,500		
	December 12, 2011	27,500	16.87	December 12, 2016	178,750		
	August 5, 2011	22,000	15.48	August 15, 2016	158,290		
	December 22, 2010	15,000	11.56	December 22, 2015	206,213		
	November 2, 2009	2,750	7.27	November 2, 2014	62,150		
Stephen Reid	July 29, 2013	89,105	33.87	July 26, 2018	-	20,362	608,213
	September 4, 2012	66,000	23.53	September 4, 2017	104,610		
	December 12, 2011	47,900	16.87	December 12, 2016	311,350		
	August 5, 2011	25,000	15.48	August 15, 2016	179,875		
	December 22, 2010	29,000	11.56	December 22, 2015	396,678		
	November 2, 2009	12,000	7.27	November 2, 2014	271,200		
Curtis Krawetz	July 29, 2013	37,275	33.87	July 26, 2018	-	3,526	105,322
	September 4, 2012	32,000	23.53	September 4, 2017	50,720		
	December 12, 2011	7,950	16.87	December 12, 2016	51,675		
	August 5, 2011	7,500	15.48	August 15, 2016	53,963		
	December 22, 2010	6,000	11.56	December 22, 2015	82,485		
	November 2, 2009	1,250	7.27	November 2, 2014	28,250		

**Notes to outstanding share based awards and option based awards table:**

- (1) Calculated based on the difference between the market price of the securities underlying the Options at December 31, 2013 and the exercise price of the Options.
- (2) Calculated based on the market price of the Common Shares on the TSX as of December 31, 2013. The payout value of RSUs that have not vested assumes that the performance targets have been met. 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 the Common Shares on such date and therefore can fluctuate from the price used to calculate the value disclosed in the table above.

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

The table below shows, the value of option-based and share-based awards and non-equity incentive plan compensation for each NEO that vested or were earned during the fiscal year ended December 31, 2013.

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	2,054,667	-	575,000
Darren Driscoll	1,158,025	-	322,000
M. Rachel Colabella	727,978	-	243,000
Stephen Reid	814,674	-	222,000
Curtis Krawetz	239,616	-	95,000

**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.
- (2) Other than the RSU Plan, the Corporation does not have any share based awards.
- (3) The Corporation does not have equity incentive plans in place for NEOs, other than a discretionary annual bonus structure. The table above describes the bonuses that were paid to the NEOs in 2013.

### Pension Plan Benefits

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

### Termination and Change of Control Benefits

The table below explains how the components of Alaris' executive compensation program are treated under four termination scenarios.

Compensation Element	Retirement or Resignation <sup>(1)</sup>	Termination With Cause	Termination Without Cause	Change in Control <sup>(2)</sup>
Base Pay (Salary)	Pro rata base salary, vacation pay and expenses earned or due, but not yet paid, up to and including the Termination Date (as such term is defined in the employee's employment agreement) are paid as a lump sum.	Pro rata base salary, vacation pay and expenses earned or due, but not yet paid, up to and including the Termination Date are paid as a lump sum.	Pro rata base salary, vacation pay and expenses earned or due, but not yet paid, up to and including the Termination Date are paid as a lump sum.	No incremental payment
Bonus	Forfeited	Forfeited	Forfeited	No incremental payment
RSUs	Forfeited (subject to negotiation)	Forfeited	Vesting provisions depend upon when the executive is terminated after grant of RSUs <sup>(3)</sup>	Board may accelerate vesting of all or a portion of RSUs.
Stock Options	Options expire in 90 days.	All options are cancelled	Vesting of options which would vest within 18 months of Termination Date vest, and expire in 90 days following termination. <sup>(4)</sup>	Board may accelerate vesting of all or a portion of options.
Retiring Allowance	No incremental payment	No incremental payment	Severance payment equal to 1.5 (i) times the annual salary plus (ii) 1.5 times the most recent annual bonus paid and (iii) 15% of the sum of the (i) and (ii) <sup>(5)</sup>	The payment is the same as Termination Without Cause.
Benefits	None	None	None	None
Perquisites	Cease	Cease	Cease	No incremental payment

**Notes to Termination and Change of Control Benefits:**

- (1) NEOs may resign upon 90 days' notice (30 days for Mr. Krawetz).
- (2) Within 90 days after a change of control, Messrs. King, Driscoll and Ms. Colabella may resign upon 7 days written notice and will be entitled to receive the payments set forth above. Mr. Krawetz is not entitled to a payment upon a resignation following a change of control.
- (3) The following terms apply with respect to the RSUs granted to the NEOs in 2013 and 2012, as applicable, in the event of a termination of employment (and for these purposes, the terms "First Quarter", "Second Quarter", "Third Quarter" and "Fourth Quarter" are defined in the NEO's RSU Agreement with Alaris and refer to a particular quarter of the total RSUs granted to the NEO, as more particularly described beginning on page 30 of this Information Circular.):

*2013 Grants (continuation of note 3 – Termination and Change of Control Benefits)*

Portion of RSUs	Vesting upon Termination in First Year of Grant	Vesting Upon Termination in Second Year of Grant	Vesting Upon Termination in Third Year of Grant
First Quarter	1/3 of these RSUs vest on the Termination Date	2/3 of these RSUs vest on the Termination Date	All of these RSUs vest on the Termination Date
Second Quarter	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$1.448 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$2.8896 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$4.3344 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Third Quarter	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$3.1270 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$4.9605 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Fourth Quarter	Nil	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$5.0177 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)

*2012 Grants (continuation of note 3 – Termination and Change of Control Benefits)*

Portion of RSUs	Vesting Upon Termination in Second Year of Grant	Vesting Upon Termination in Third Year of Grant
First Quarter	2/3 of these RSUs vest on the Termination Date	All of these RSUs vest on the Termination Date
Second Quarter	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$2.1614 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$3.2421 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Third Quarter	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$2.2490 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$3.3735 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Fourth Quarter	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$3.4914 as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)

**Notes to Termination and Change of Control Benefits (continued):**

For all RSUs that vest in accordance with the foregoing, the shares corresponding thereto shall be delivered to the Executive within twenty (20) business days of the Termination Date. As of the date of this Information Circular, none of the current RSUs issued to the NEOs have vested. All other RSUs which do not vest in accordance with this paragraph shall terminate and become null and void. As of the date of this Information Circular, none of the current RSUs issued to the NEOs have vested. Should the Board grant additional RSUs to the NEOs in the future, the Board has the discretion to determine the terms that will apply to such RSUs upon a termination of an NEO without cause.

- 4) Applies to Messrs. King, Driscoll, Reid and Ms. Colabella. For Mr. Krawetz vesting of options which would vest within 12 months of Termination Date vest, and expire in 90 days following termination.
- 5) This is the retiring allowance for Messrs. King, Driscoll, Reid and Ms. Colabella. For Mr. Krawetz, the payment is equal to (i) one (1) times the annual salary; plus (ii) one (1) times the most recent annual bonus paid, and (iii) 15% of the sum of (i) and (ii).

**Termination Payments as of December 31, 2013**

The table below shows the incremental payments that would be made to each NEO at, following, or in connection with one of the termination scenarios below as at December 31, 2013.

Name	Benefits and Payments	Retirement or Voluntary Termination (\$)	Termination Without Cause (\$)	Termination With Cause (\$)	Change of Control (\$)
<b>Stephen King</b>	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 <sup>(3)</sup>	1,423,125	0	1,423,125
	Accelerated Vesting of Options	3,281,787	4,623,262	0	0 <sup>(4)</sup>
	Accelerated Vesting of RSUs	0	1,798,692	0	0 <sup>(4)</sup>
	<b>Total</b>	<b>3,281,787</b>	<b>7,845,069</b>	<b>0</b>	<b>1,423,125</b>
<b>Darren Driscoll</b>	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 <sup>(3)</sup>	923,325	0	923,325
	Accelerated Vesting of Options	1,686,990	2,399,743	0	0 <sup>(4)</sup>
	Accelerated Vesting of RSUs	0	1,031,381	0	0 <sup>(4)</sup>
	<b>Total</b>	<b>1,686,990</b>	<b>4,354,449</b>	<b>0</b>	<b>923,325</b>
<b>Rachel Colabella</b>	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 <sup>(3)</sup>	742,613	0	742,613
	Accelerated Vesting of Options	763,903	1,159,660	0	0 <sup>(4)</sup>
	Accelerated Vesting of RSUs	0	842,782	0	0 <sup>(4)</sup>
	<b>Total</b>	<b>763,903</b>	<b>2,745,055</b>	<b>0</b>	<b>742,613</b>
<b>Stephen Reid</b>	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 <sup>(3)</sup>	615,825	0	615,825
	Accelerated Vesting of Options	1,265,713	1,748,828	0	0 <sup>(4)</sup>
	Accelerated Vesting of RSUs	0	608,213	0	0 <sup>(4)</sup>
	<b>Total</b>	<b>1,265,713</b>	<b>2,972,866</b>	<b>0</b>	<b>615,825</b>
<b>Curtis Krawetz</b>	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 <sup>(3)</sup>	185,438	0	185,438
	Accelerated Vesting of Options	267,093	398,126	0	0 <sup>(4)</sup>
	Accelerated Vesting of RSUs	0	282,152	0	0 <sup>(4)</sup>
	<b>Total</b>	<b>267,093</b>	<b>865,716</b>	<b>0</b>	<b>185,438</b>



**Notes to termination payments as of December 31, 2013 table:**

- (1) Assumes all payments have been made up to and including December 31, 2013.
- (2) Bonuses paid in 2013 are as more particularly detailed above in the table entitled "Summary Compensation Table". This assumes all bonus payments have been made up to and including December 31, 2013.
- (3) A retiring allowance is only payable on a termination without cause or on a change of control.
- (4) Options and RSUs only accelerate at the discretion of the Board.
- (5) At December 31, 2013 all of the Options and RSUs granted to NEOs in 2008 vested. In addition, at December 31, 2013: (i) all options granted to NEOs in 2009 vested; (ii) three quarters of all Options granted to NEOs in 2010 vested; (iii) one half of the Options granted to NEOs in 2011 vested; one quarter of the Options granted to NEOs in 2012 vested.
- (6) Please see note (3) under the table entitled "Termination and Change of Control Benefits" for further information.

**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, endeavor to entice or induce away from Alaris or any of its affiliates, any person who is an employee, consultant or Shareholder of Alaris and its affiliates.

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

The table below provides additional information relating to our equity compensation plans.

	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options, RSUs and rights	Weighted-average exercise price of outstanding options, RSUs and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	2,034,455	\$24.43	763,293 <sup>(1)</sup>
Equity compensation plans not approved by security holders	0	0	0
<b>Total</b>	<b>2,034,455</b>	<b>\$24.43</b>	<b>763,293 <sup>(1)</sup></b>

**Note:**

- (1) Based on the total number of Common Shares reserved for issuance under the Option Plan and RSU Plan. Pursuant to the limits set forth under the Option Plan and RSU Plan, we are entitled to reserve up to an additional 74,469 Common Shares for issuance under the plans, with the allocation to be determined by the Board.

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

No director, executive officer or other senior officer of Alaris, 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 Alaris or any of its subsidiaries nor is, or at any time since the beginning of the most recently completed financial year of Alaris 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 Alaris or any of its subsidiaries.

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

Except in connection with the election of directors and the approval of the unallocated Options and RSUs, Management is not aware of any material interest of any director or director nominee or executive officer or anyone who has held office as such since the beginning of Alaris' last financial year or 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 the Exchange and as disclosed herein.



**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

None of:

- 1) the directors and senior officers of Alaris,
- 2) director nominees, any shareholder who beneficially owns directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares of Alaris;
- 3) any other Informed Person (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations*);
- 4) or any known associate or affiliate of such persons;

had any material interests 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.

**DIRECTORS AND OFFICERS INSURANCE**

Alaris has purchased, at its expense, a directors' and officers' liability insurance policy that provides protection for individual directors and officers of Alaris Royalty Corp. and its subsidiaries solely while acting in their capacity as such. The insurance policy provides for a limit of \$10 million per claim and in the aggregate. The policy is in effect until November 5, 2014 and has no deductible.

Premiums paid by Alaris for this policy are approximately \$89,565 per annum.

**MANAGEMENT CONTRACTS**

Management functions of Alaris are not, to any substantial degree, performed by a person or company other than the directors or senior officers of Alaris 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 and Special Meeting of Shareholders. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

**ADDITIONAL INFORMATION**

Financial Information about Alaris is contained in its comparative financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2013. Additional information about Alaris is available at [www.alarisroyalty.com](http://www.alarisroyalty.com) and on Alaris' corporate profile on SEDAR.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- a) the AIF together with any document, or the pertinent pages of any document, incorporated by reference therein;
- b) Financial Statements and any interim financial statements of Alaris for periods subsequent to December 31, 2013 and Management's Discussion and Analysis with respect thereto; and
- c) this Information Circular,

Please send your request to:

Alaris Royalty Corp.  
Attn: Corporate Secretary  
232, 2031-33<sup>rd</sup> Avenue SW  
Calgary, Alberta T2T 1Z5  
Fax: (403) 228-0906  
Telephone: (403) 228-0873  
Email: [rcolabella@alarisroyalty.com](mailto:rcolabella@alarisroyalty.com)

**CONTACTING THE BOARD OF DIRECTORS**

Shareholders, employees and other interested parties may communicate directly with the Board of Directors through the Chairman of the Board by writing to:

Chairman of the Board of Directors  
Alaris Royalty Corp.  
232, 2031-33<sup>rd</sup> Avenue SW  
Calgary, Alberta T2T 1Z5

***Effective Date***

The effective date of this Information Circular is April 3, 2014.

**DIRECTORS APPROVAL**

The Board of Directors has approved the contents and the dissemination of this Information Circular to the Shareholders.

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## SCHEDULE 1- STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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***At Alaris Royalty Corp., we aspire to uphold high standards of corporate governance which reflect not only applicable legal and regulatory requirements but also emerging best practices. As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange ("TSX"), our corporate governance practices meet applicable rules adopted by the Canadian Securities Administrators ("CSA") and the TSX.***

We continue to monitor regulatory changes and best practices in corporate governance and will consider amendments to our governance practices as appropriate. Throughout this Schedule, references to documents and information available can be found at [www.alarisroyalty.com](http://www.alarisroyalty.com). In addition, any information located on the website is also available in print to any Shareholder upon request to the Corporate Secretary's Department at the address set out on page 39 of this Information Circular.

### **BOARD OF DIRECTORS (THE "BOARD")**

#### ***Director Independence***

***All directors, with the exception of Stephen King, standing for election to the Board on May 8, 2014 are 'independent' within the meaning of the relevant CSA rules.***

The Board has adopted categorical standards for determining whether a director is "independent" within the meaning of the CSA rules, and whether each member of the Audit Committee meets the applicable Canadian independence criteria for membership on public company audit committees. In summary, a director is "independent" under Alaris' standards if the Board determines that the director has no material relationship with Alaris or any of its affiliates or the Shareholders' Auditor, either directly or indirectly, or as a partner, shareholder or officer of an entity that has a material relationship with Alaris. For these purposes, a material relationship is one which could, in the view of the Board, be reasonably expected to interfere with the exercise of director's independent judgment. In addition, certain individuals are deemed to have a material relationship with an issuer (including certain key employees or executive officers, or family members thereof) for Audit Committee purposes.

On an annual basis, the CG Committee and the Board participate in the determination of director independence. The determinations are based on information concerning the personal, business and other relationships and dealings between the directors and Alaris, its affiliates, Shareholders and Auditors. The determinations take into account information derived from Alaris' records and reports, and information about entities with which the directors are involved. The Board examines the materiality of these relationships not only from Alaris' standpoint, but also from that of the persons or organizations with which the director has a relationship.

The Board had determined that all directors standing for election to the Board on May 8, 2014 are "independent" within the meaning of the relevant CSA rules and standards, with the exception of Stephen King who is considered to have a material relationship with Alaris and its subsidiaries by virtue of his position as the President and CEO of Alaris since 2008. The Board has also determined that all members of the Audit Committee meet the additional Canadian independence requirements for membership on public company audit committees (as set out in *National Instrument 52-110-Audit Committees*).

Additional information relating to each director standing for nomination, including other public company boards on which they serve, the value of their equity holdings in Alaris, and their attendance record for all Board and Committee meetings during fiscal 2013 can be found beginning on page 16 of this Information Circular.

#### ***Independent Chair***

***The Chairman of the Board allows the Board to operate independently of management and provides directors with an independent leadership contact.***

The roles of Chairman of the Board and CEO are separate at Alaris. Mr. Lee, an independent member of the Board, was appointed Chairman of the Board effective July 31, 2008.

The Chairman of the Board ensures that the Board operates in partnership with but independently of management and that directors have an independent leadership contact. He manages the affairs of the Board, with a view to ensuring that the Board functions effectively and meets its obligations and responsibilities to facilitate the achievement of the goals of Alaris, and leads the Board in the execution of its responsibilities to Shareholders. The Chairman further sets Board agendas, oversees the quality and process of information sent to directors concerning Alaris' activities, and reviews any comments or requests made by an independent director. In addition, the Chairman is charged with the responsibility of assisting the independent directors with fulfilling their governance responsibilities and overseeing the governance obligations of the Board and each Board Committee generally.

At each regularly scheduled quarterly Board meeting, the Chairman of the Board presides over a session of the "independent" directors at which "non-independent" directors and members of management are not present. At each regularly scheduled Board Committee meeting, each Board Committee also has a session without management present during the course of each of its meetings. Information to be conveyed and actions undertaken as a result of the sessions are communicated by the Chairman to relevant parties, as appropriate.

### **Board Size**

***The current membership and size of the Board provides the necessary breadth and diversity of experience, is generally of a size to provide for effective decision-making and staffing of Board committees, and addresses succession planning requirements.***

The matter of Board size is considered formally on an annual basis by the Board and on an ongoing basis by its CG Committee. The Board is of the view that its current membership has the necessary breadth and diversity of experience and is generally of a size to: (i) provide for effective decision-making, (ii) enable the staffing of Board committees, and (iii) address succession planning requirements. At the Meeting, six (6) directors will stand for election.

### **Board Mandate**

***The Board mandate sets out the responsibilities to be discharged by the Board as well as the personal and professional attributes and the duties of responsibilities required of each director.***

The Board, either directly or through its Committees, is responsible for the supervision of management of the business and affairs of Alaris with the objective of enhancing shareholder value.

The Board Mandate is set out in Schedule 3 on page 49 of this Information Circular and outlines the responsibilities to be discharged by the Board as well as the personal and professional attributes and the duties and responsibilities required of each director. The Board reviews the Board Mandate at least annually. The Board has determined that the Board Mandate continues to sufficiently outline the Board's responsibilities and expectations, and as such, no material amendments were made to the Board Mandate during 2013.

### **Meetings of Independent Directors**

***The Board and Board Committees regularly hold meetings of independent directors.***

After each Board meeting held to consider interim and annual financial statements, the Board is scheduled to meet without management and non-independent directors. In addition, the Board has the opportunity to hold ad hoc meetings independently of management and non-independent directors at the request of any independent director, or may excuse members of management and non-independent directors from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. In 2013, the Board met without management and non-independent directors at each of the four regularly scheduled quarterly meetings.

After each Audit Committee meeting held to consider interim and annual financial statements, the Audit Committee is scheduled to meet without management or non-independent directors and without auditors. In addition, the Audit Committee members have the opportunity to hold ad hoc meetings independent of management, non-independent directors and auditors at their entire discretion, whenever they deem necessary. In 2013, the Audit Committee met without management and non-independent directors, and without auditors at each of the four regularly scheduled quarterly meetings.

At each regularly scheduled CG Committee meeting, the CG Committee is scheduled to meet without management and non-independent directors during the compensation portion of such meeting. In addition, the CG Committee members have the opportunity to hold ad hoc meetings independent of management and non-independent directors at their entire discretion, whenever they deem necessary. In 2013, the CG Committee met without management and non-independent directors during the compensation portion of each of the two regularly scheduled meetings. In addition, the CG Committee met on an ad hoc basis on several other occasions for the purpose of the compensation review.

### **Position Descriptions**

***The Board has adopted Chairman of the Board, Committee Chairs and Director and CEO position descriptions.***

As described above, the Board Mandate defined the roles and responsibilities of the Board and management. In addition, the Board has adopted position descriptions for the Chairman of the Board and the Committee Chairs. These descriptions set out the responsibilities and duties of the Board and Committee Chairs in guiding the Board and the Committees, respectively, in the fulfillment of their duties. The Board has also adopted a Director position description and a position description for our CEO. The Board reviews

these positions at least annually. The Board has determined that these position descriptions continue to sufficiently outline the responsibilities and expectations of each position, and as such, no material amendments were made to these position descriptions during 2013.

In addition, the CG Committee, with the assistance of the Chairman of the Board, reviews and approves corporate goals and objectives that the President and CEO is responsible for meeting each year. The Committee, with the assistance of the Chairman of the Board, also conducts an annual assessment of the President and CEO's performance in relation to those objectives and reports the results of the assessment to the Board.

### ***Orientation and Continuing Education***

#### ***Directors are provided with orientation and ongoing education regarding Alaris, as required.***

The CG Committee is primarily responsible for the orientation and education of directors. All new directors receive a comprehensive orientation upon their election or appointment to the Board. The orientation includes:

- a detailed briefing with the Chairman of the Board;
- a detailed briefing with the chair of the CG Committee, regarding compensation and governance matters;
- a detailed briefing on the role and expectations of the director in Alaris and other matters by Alaris' Chief Legal Officer;
- a detailed briefing on the legal duties and obligations required of a director of a publicly-traded company, as well as Alaris' governance model, principles and practices;
- a detailed briefing on Alaris and its business; and
- a tour of Alaris' head office.

New directors are also provided with a Directors' Manual containing:

- details of Alaris' organizational structure and business;
- historical information about Alaris;
- information on Alaris' strategic plan and key agreements;
- the structure of the Board and its committees;
- relevant position descriptions;
- corporate policies.

This Director's Manual is updated from time to time as information relating to Alaris and its business changes.

Prior to agreeing to join the Board, new directors are given a clear indication of the workload and time commitment required. The orientation program is reviewed regularly by either the Board or the CG Committee in connection with new appointments.

Directors are expected to attend all Board and Committee meetings in person, although attendance by telephone is permissible in appropriate circumstances. Directors are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

Alaris has a continuing education program for our directors, for which the CG Committee is responsible. The program was developed to help our directors maintain or enhance their skills and abilities, and update their knowledge and understanding of Alaris and its industry. The key components of the program include:

- A. **Regular briefings.** Directors are briefed regularly (and at least on a quarterly basis) on strategic issues affecting Alaris, and these briefings include reviews on the competitive environment and performance for Alaris and the Private Company Partners as well as any other developments that could materially affect the business of Alaris or its Private Company Partners. The briefings are conducted by the CEO, CFO and other members of Management.
- B. **Internal educational seminars and materials.** On an ongoing basis, as part of regular Board meetings, directors receive presentations on various aspects of Alaris' operations. In particular, during fiscal 2013, the Board and its Committees also received educational information and/or materials on a variety of matters and topics, such as:
  - Private Company Partner updates and developments;
  - new and pending changes in accounting standards;
  - corporate governance trends and current issues;
  - case law review concerning insider trading matters;
  - executive compensation, trends, issues and disclosure;
  - tax, corporate and securities laws in The Netherlands, the United States and Canada as they relate to the business activities and structure of Alaris and its subsidiaries;

- new and pending changes in tax, securities and corporate legislation;
- economic outlook for Canada and the United States.

Educational materials on economic matters and other topics relevant to the private equity industry are also included from time to time in the materials provided to directors in advance of meetings.

- A. **Annual Alaris Conference.** During 2013, Alaris hosted its third annual conference for the purpose of bringing together its directors and Management with the senior management teams of the Private Company Partners. The conference provided Alaris' directors the opportunity to obtain a more in-depth working knowledge of the business and affairs of each of the Private Company Partners, as well as the impact thereof on Alaris.
- B. **Annual Strategy Session.** The Board will meet annual with management for a strategy session, where the board and management will review and consider, among other things: Alaris' annual performance, medium and long-term goals, strategic directives and any other material developments that may impact our performance.

Directors identify their additional continuing education needs through a variety of means, including informal discussions with Management and at Board and Committee meetings.

The Board believes that these procedures are practical and effective in light of Alaris' particular circumstances, including the size of Alaris, limited turnover of the directors and the experience and expertise of the members of the Board.

### ***Ethical Business Conduct***

***The Board believes that providing a forum for employees and officers to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct.***

The Board has adopted a Comprehensive Code of Business Conduct (the "**Code**"), which provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work. The Board, through its Audit Committee, reviews the operation of the Code and any waivers thereof. Since inception, no waiver from the Code has been granted. The Code is available on our website. At least annually, the Code is reviewed by Alaris' Chief Legal Officer to ensure that it complies with all legal requirements and is in alignment with best practices. In the event that amendments are needed, recommendations are made to the CG Committee and the Board for approval. Each year, every director, officer and employee must sign an acknowledgement that they have read, understood and complied with the Code.

The full text of the Code can be found at: [www.alarisroyalty.com/investors/governance/policies](http://www.alarisroyalty.com/investors/governance/policies)

The Board has also adopted whistle-blower procedures which allow officers and employees who feel that a violation of the Code has occurred to report this violation on a confidential and anonymous basis. The procedures allow concerns regarding accounting, internal accounting controls or auditing matters to be reported on a confidential and anonymous basis, as well. Concerns may be raised by e-mail or telephone directly to the Chair of the Audit Committee or alternatively, to the Chair of Governance Matters, CG Committee. Once received, concerns are forwarded to the Chief Legal Officer or to the CFO in the case of issues involving the CEO or the Chief Legal Officer. Accounting, internal control or auditing concerns are dealt with by both Chief Legal Officer and the CFO. The Chief Legal Officer or CFO makes a determination as to the most appropriate forum for the concern in accordance with an established framework.

The Chief Legal Officer reports to the Audit Committee quarterly regarding concerns received through the whistleblower procedures. The Chair of the Audit Committee is notified of concerns relating to accounting, legal, internal accounting controls or auditing matters, and the Chairman of the Board is notified if such concern involves the CEO, and that individual determines the appropriate investigation to be carried out and any action to be taken at the conclusion of the investigation. In the case of concerns not relating to accounting, internal accounting controls or auditing matters, the Chief Legal Officer determines the appropriate review and actions to be taken.

The Board believes that providing a forum for employees and officers to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct with Alaris.

The Board believes that its effectiveness is furthered when directors exercise independent judgment in considering transactions and agreements. As such, if at any Board meeting a director or executive officer has a material interest in a matter being considered, such director or officer must disclose the nature and extent of their interest and would not participate in any vote on the matter. In certain cases, an independent committee may be formed to deliberate on such matters in the absence of the interested third party.

## **Nomination of Directors**

***When candidates for director positions are considered, the competencies and skills that the Board, as a whole, should possess as well as the skill sets of current Board members and any additional skill sets deemed to be beneficial are considered, assessed and identified in light of the opportunities and risks facing Alaris when candidates for director positions are considered.***

The CG Committee has responsibility for recruiting and recommending new candidates for appointment or election to the Board. At present, the CG 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 CG 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.

## **Director Compensation**

***A non-employee director is compensated by the grant of Restricted Share Units.***

The CG 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 CG Committee conducts a periodic review of directors' compensation having regard to recommendations from an independent compensation consultant and various governance reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to Alaris. The CG Committee and the Board determined that director compensation is sufficient and continues to appropriately align director and Shareholder interests. As such, director compensation was not a part of the scope of review by the CG Committee when reviewing Alaris' compensation strategy in 2013.

The compensation of Alaris' directors is described in this Information Circular under the heading "Directors Compensation" above.

## **Board Committees**

***The roles and responsibilities of each Committee are set out in formal written mandates, the full texts of which can be found at [www.alarisroyalty.com/investors/governance](http://www.alarisroyalty.com/investors/governance).***

The Board has two Committees: Audit Committee and CG Committee. Both of the Committees are composed entirely of "independent" directors. The roles and responsibilities of each Committee are set out in formal written mandates, the full texts of which can be found on our website. These mandates are reviewed annually to reflect best practices as well as applicable regulatory requirements.

## **CG Committee**

***The CG Committee is responsible for developing and maintaining governance principles, an orientation program for new directors, a director assessment process and identifying and recommending candidates for nomination to the Board. The Committee also assists the Board in ensuring that Alaris' compensation strategies support Alaris' objectives and sustain shareholder value.***

The CG Committee is responsible for reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of Alaris and its subsidiaries in the context of Alaris' budget and business plan. To achieve this, the CG Committee does the following:

- 1) review Alaris' compensation program and recommend any significant changes to the Board;
- 2) review and recommend to the Board the level and form of compensation to be paid to members of the Board;
- 3) review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO 's performance in light of those corporate goals and objectives, and make recommendations to the Board with respect to the CEO 's compensation level based on such evaluation;
- 4) review all incentive compensation plans and make recommendations to the Board;
- 5) make recommendations to the Board with respect to the compensation of directors and other officers of Alaris, including to review management's recommendations for proposed stock option, share purchase plans and other incentive-compensation plans and equity-based plans for officer and director compensation;
  - (i) review the annual disclosure in respect of compensation matters required by applicable securities laws to be made by Alaris;
  - (ii) considering the implications of the risks associated with Alaris' compensation program and whether such program encourages excessive risk taking.



In addition to these duties, the CG Committee is also responsible for developing and maintaining governance principles consistent with high standards of corporate governance. The Committee does the following in carrying out its mandate:

- 1) review on an ongoing basis the effectiveness of the Board and its Committees in fulfilling the mandate of the Board;
- 2) periodically review and assess Alaris' approach to corporate governance matters and recommend any changes to the Board;
- 3) acts 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;
- 4) 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;
- 5) as determined appropriate, 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;
- 6) recruit and recommend new members to the Board;
- 7) 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;
- 8) 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, energy and resources expected of each director;
- 9) review and recommend to the Board as to the acceptance of any offer to resign of any director;
- 10) develop for approval by the Board and periodically review, orientation and education programs for new directors;
- 11) 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;
- 12) periodically review and monitor Alaris' communication policy with a view to determining whether Alaris is communicating effectively with shareholders, other stakeholders, the investment community and the public generally; and
- 13) 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.

The CG Committee meets at least twice per year and at such other times the Committee determines. All members of the Committee are expected to have, or acquire within a reasonable period of time following their appointment, a thorough understanding of governance and compensation issues.

### **Audit Committee**

***The Audit Committee oversees the integrity of Alaris' financial reporting, its internal controls, disclosure controls and procedures and internal audit function, and oversees compliance with legal and regulatory requirements, reviews and assesses the Auditor and sets standards of business conduct and ethics. The Audit Committee also considers risk issues in the context of Alaris' enterprise-wide strategic risk management framework.***

The Audit Committee oversees the integrity of Alaris' financial reporting, its internal controls (including internal control over financial reporting), disclosure controls and procedures and internal audit function, and its compliance with legal and regulatory requirements. The Audit Committee also reviews and assesses the qualifications, independence and performance of the Auditor. The Audit Committee also functions as Alaris' conduct review committee and as such its responsibilities include setting standards of business conduct and ethics for directors, senior management and employees. In addition to being "independent", each member of the Audit Committee has been determined to be "financially literate", as such term is defined under *National Instrument 52-110-Audit Committees* and under CSA standards. The definition of "financially literate" adopted by the Board pursuant to these rules and standards are set forth in the Audit Committee's Mandate, which may be found on our website and in our AIF.

At meetings of the Audit Committee, members of the Committee meet separately (without other management present) with the Auditor to review specific issues.

The Audit Committee requires management to implement and maintain appropriate internal controls. The Committee approves and oversees the internal control policy and audit mandate. The Committee meets quarterly with Auditor and management on matters of internal control. The Committee also pre-approves all audit and non-audit work performed by the Auditor.

The Audit Committee also oversees the framework to identify and manage risk, including adherence to risk management corporate policies, and compliance with risk-related regulatory requirements. The Audit Committee approves corporate policies and risk limits that address the management of the risk and return associated with credit, market, liquidity, operational and business risk, and such other risk management controls as are considered by the Committee to be appropriate for prudent business practice. Strategic decisions may be reviewed at the request of the Board to advice on the risk impact. The Audit Committee also reviews the methods and procedures established by management for control of key risks.

Additional information relating to the composition of the Audit Committee, the Committee Mandate, and the relevant education and experience of its members is set out under the heading "*Audit Committee Information*" in our AIF. The fees paid to the Auditor in the last two fiscal years are described in such AIF.

## **ASSESSMENT OF DIRECTORS AND BOARD COMMITTEE EFFECTIVENESS**

Alaris has instituted a variety of methods for assessing the effectiveness of the Board, its Committees, the Chairman of the Board, the Committee Chairs and the individual directors. The results of the assessments form the basis of recommendations to the Board on the appropriateness of the current mix of directors, improvements that can be made to Board processes and the continuing education needs of the Board.

### ***Annual Assessment of Individual Directors***

#### ***Individual Directors evaluate each other.***

The CG Committee annually conducts a peer evaluation process to provide feedback to individual directors on their effectiveness. Assessment forms are annually approved by the Board, and then provided to each director and the results are compiled by the Chair, Governance Matters, of the CG Committee and discussed with the Board. The survey requires that every director assess the contribution of each of his or her peers in relation to the standards of performance established in the Board Mandate, which sets out the personal and professional attributes and duties and responsibilities required of each director. The Chairman of the Board receives a copy of the scores for each individual director's peer assessment and then meets with each director to discuss his or her peer assessment.

### ***Annual Assessment of the Board***

#### ***Individual Directors evaluate the Board as a whole.***

The CG Committee also conducts an annual evaluation of the effectiveness of the Board and its Committees through surveys completed by each director. This evaluation is conducted through assessment forms annually approved by the Board and provided to directors, which cover the operation of the Board and its Committees, the adequacy and timeliness of information provided to directors, Board and Committee structure, agenda planning for Board and Committee meetings, contributions of Board and Committee members, strategic direction and process, and takes into account the duties and responsibilities enumerated in the Board and Committee Mandates. The results of the forms are compiled by the Chair, Governance Matters of the CG Committee and discussed with the Board, who considers whether any changes to the Board processes, composition or committee structure are appropriate. Additionally, Management is advised of any suggestions made by directors for enhancement of processes to support the work of the Board.

### ***Annual Assessment of the Audit Committee***

#### ***Individual Members of the Audit Committee evaluate the Audit Committee as a Whole.***

The CG Committee also conducts an annual evaluation of the effectiveness of the Audit Committee. This evaluation is conducted through assessment forms which are annually approved by the Board and provided to and completed by members of the Audit Committee. The assessment forms cover the purpose of the Audit Committee, its operation, composition, and process, and takes into account the duties and responsibilities enumerated in the Audit Committee Mandate. The results of the forms are compiled by the Chair, Governance Matters of the CG Committee, and discussed with the Audit Committee and the Board.

## **COMMUNICATION POLICY**

***A disclosure committee comprised of the CEO, CFO and Chief Legal Officer/Corporate Secretary is responsible for reviewing all annual and interim filings and ensuring the timely public release of material information relating to Alaris.***

The Board has approved an External Communication Policy covering the timely dissemination of all material non-public information. This policy, which is reviewed annually, establishes consistent guidance for determining what information is material and how it should be disclosed to avoid selective disclosure and to ensure that material information is widely disseminated. The guidelines and procedures outlined in this policy form the basis for how Alaris employees carryout Alaris' disclosure practices.

Pursuant to the terms of the External Communication Policy, Alaris has formed a Disclosure Committee comprised of the CEO, the CFO and the Chief Legal Officer and Corporate Secretary. This Disclosure Committee is responsible for reviewing all annual and interim filings, corporate presentations and marketing materials, and ensuring the timely public release of material information relating to Alaris. The CEO, together with the CFO, makes the final determination as to what information is material and must be publicly disclosed.

Alaris seeks to communicate with its shareholders and other stakeholders through a variety of channels, including the annual report, information circular, quarterly reports, annual information form, news releases, and website. Shareholder feedback is received through meetings with institutional shareholders. Feedback from retail shareholders is generally received by e-mail or telephone. Shareholder concerns are addressed promptly by Alaris' Investor Relations Manager. Wherever possible, appropriate changes are made in response to these concerns. Page 39 of the Information Circular contains the contact details for shareholders who wish to communicate directly with the Board. The Board believes these practices reflect best practices in shareholder engagement.

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## SCHEDULE 2- DESCRIPTION OF CAPITAL STRUCTURE

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Alaris is authorized to issue an unlimited number of Common Shares and Non-Voting Shares for unlimited consideration. As of the Record Date, 28,722,171 Common Shares and no Non-Voting Shares were outstanding as fully paid and non-assessable. In addition, as of the date hereof, there were stock options outstanding to acquire 1,796,248 Common Shares pursuant to the Option Plan, and there were restricted share units outstanding entitling the holders thereof to receive an aggregate of 238,207 Common Shares pursuant to the RSU Plan upon the satisfaction of certain vesting criteria.

The following describes the material provisions of our Common Shares:

- a) Each Common Share carries the right to attend at Shareholder meetings and to one vote on each resolution voted on at a Shareholders' meeting;
- b) holders of Common Shares are entitled to receive dividends when declared by the Board. However, no dividend may be declared on the Common Shares unless the same dividend is also declared concurrently on the Non-Voting Shares;
- c) in the event of liquidation, dissolution or winding-up, or any other distribution of our assets among our Shareholders, holders of Common Shares are entitled to share rateably in such assets as are available for distribution; and
- d) The Common Shares also contain certain provisions designed to ensure Alaris complies with applicable U.S. securities laws, including a restriction on treasury issuances to persons located in the United States or that are U.S. Persons that are not Qualified U.S. Purchasers. See "Schedule 4 – Ownership and Transfer Restrictions". A full copy of the terms of the Common Shares is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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## SCHEDULE 3- BOARD OF DIRECTORS MANDATE

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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 of the Company, in conjunction with the Chief Executive Officer (**CEO**).

#### **Strategy & Operations**

- 3) Approve the development of strategic direction & operational requirements for the Company, which takes into account, among other things, the opportunities and risks of the Company's business.

#### **CEO**

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

#### **Succession and Compensation**

- 7) Succession plan, including appointing, training and monitoring the performance of senior management (Management) of the Company.
- 8) 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**

- 9) Provide leadership to the Company in support of its commitment to corporate social responsibility.
- 10) Foster ethical and responsible decision-making by Management.

- 11) Set the ethical tone for the Company and its Management.
- 12) 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.
- 13) At the recommendation of the CG Committee, approve the Company's Code of Business Conduct.
- 14) 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.
- 15) With the CG Committee and/or the Audit Committee and the Board Chair, respond to potential conflict of interest situations.

### **Governance**

- 16) 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.
- 17) 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) CFO Position Description; and
  - k) Secretary Position Description.
- 18) With the CG Committee, ensure that the Company's governance practices and policies are appropriately disclosed.
- 19) At the recommendation of the CG Committee, annually determine those individual Directors to be designated as independent and ensure appropriate disclosures are made.
- 20) 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**

- 21) Adopt an External Communications Policy for the Company that addresses disclosure matters.
- 22) At least annually, review the External Communications Policy and consider any recommended changes.
- 23) 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.
- 24) Establish and disclose a process to permit stakeholders to directly contact the independent Directors as a group.

### **Board Chair**

- 25) Annually appoint the Chair of the Board.

### **Committees**

- 26) 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.
- 27) 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.

- 28) 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.
- 29) In the Board's discretion, annually appoint the Chair of each Board Committee.

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

- 30) Annually delegate approval authorities to the CEO and review and revise them as appropriate.
- 31) Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
- 32) 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.
- 33) Require the Audit Committee to recommend to the Board for consideration and, in the Board's discretion, approve the monthly dividends for the quarter.
- 34) Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
- 35) Consider and, in the Board's discretion, approve any matters proposed by Management.
- 36) Approve all alternative financing structures entered into by the Company with various private businesses.

### ***Risk Management***

- 37) 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.
- 38) Ensure policies and procedures designed to maintain the integrity of the Company's disclosure controls and procedures are in place.
- 39) 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.
- 40) Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.
- 41) Ensure policies and procedures designed to maintain appropriate safety, environment and social responsibility principles and practices are in place.

### ***Orientation / Education***

- 42) 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.
- 43) 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***

- 44) 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.
- 45) Participate in an annual evaluation of Board performance by the CG Committee.
- 46) 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***

- 47) 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.
- 48) Meet in separate non-management and independent Director only in camera sessions at each regularly scheduled meeting.



- 49) 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***

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

***Other***

- 52) 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.
- 53) 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 7, 2014

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## SCHEDULE 4- OWNERSHIP AND TRANSFER RESTRICTIONS

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### ***U.S. Investment Company Act Considerations and Restrictions***

Based on its current assets, and absent an exemption under the U.S. Investment Company Act, Alaris may be deemed to be an "investment company" as defined in the U.S. Investment Company Act and subject to the rules and regulations of that Act, including a requirement to register as an investment company with the SEC. The U.S. Investment Company Act, among other things, prohibits foreign investment companies from publicly offering their securities in the United States. However, Alaris relies on the exemption provided in Section 3(c)(7) of the U.S. Investment Company Act, which provides that a company is excluded from the definition of an "investment company", and is therefore excluded from regulation under the U.S. Investment Company Act, if its securities have only been issued to persons located in the United States or to, or for the account or benefit of, U.S. Persons that are Qualified Purchasers and it does not make a public offering of its securities in the United States. Consequently, Common Shares will be issued by Alaris only: (i) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, and (ii) in the United States or to, or for the account or benefit of, U.S. Persons that are Qualified U.S. Purchasers. Additionally, generally, Qualified U.S. Purchasers that hold Common Shares may not resell their Common Shares in the United States or to, or for the account or benefit of, U.S. Persons.

### ***ERISA Restriction of No Ownership By Plans***

For the reasons set forth in this section, Alaris will prohibit investment in Common Shares by "benefit plan investors" and other similar investors, and, therefore, will also prohibit transfers of Common Shares to such investors. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the U.S. Tax Code, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws or regulations that are similar in effect to the Plan Asset Rules, the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code ("Similar Law"), and, therefore will be treated by Alaris as benefit plan investors (together with benefit plan investors, "ERISA Plans").

If benefit plan investors hold Common Shares, Alaris may become subject to ERISA and applicable Plan Asset Regulations. The Plan Asset Regulations generally provide that when a benefit plan investor acquires an equity interest in an entity that is neither a "publicly-offered security" (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the U.S. Investment Company Act, the benefit plan investor's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by benefit plan investors is not "significant" or that the entity is an "operating company," as defined in the Plan Asset Regulations. Under the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25% of the value of each class of equity interests of such entity, excluding equity interests held by certain persons described in the Plan Asset Regulations.

If under the Plan Asset Rules or Similar Law, Alaris' assets are deemed to be "plan assets" of a benefit plan investor in Alaris, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by Alaris, and (ii) the possibility that certain transactions that Alaris or its subsidiaries have entered into, or may enter into, in the ordinary course of business might constitute non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Tax Code or Similar Law and as such, might be subject to fines and penalties and have to be rescinded. A non-exempt prohibited transaction may, under certain circumstances, also result in the tax disqualification of an individual retirement account that invests in Alaris.

The currently issued and outstanding Common Shares and any Common Shares subsequently issued by Alaris are not and will not be "publicly-offered securities"; Alaris is not, and does not intend to become a registered investment company under the U.S. Investment Company Act; and Alaris will not qualify as an operating company within the meaning of the Plan Asset Regulations. In addition, Alaris does not intend to monitor whether the level of investment in Common Shares by benefit plan investors will be "significant" for purposes of the Plan Asset Regulations. Consequently, Common Shares and any beneficial interests therein may not be held by ERISA Plans nor acquired using "plan assets" of any such investor. Each investor in Common Shares and each subsequent transferee, by acquiring or holding Common Shares or a beneficial interest therein, will be deemed to have represented, warranted, agreed and acknowledged that it is not (and during the period it holds Common Shares will not be) an ERISA Plan and no portion of the assets used to acquire or hold its interest in the Common Shares constitutes or will constitute "plan assets" of an ERISA Plan. Any breach of such deemed representation will void the investment in Common Shares *ab initio*.

### **Representations on Purchase For All Holders Whether or Not Located in the United States or U.S. Persons**

When acquiring Common Shares, each purchaser thereof, whether or not they are located in the United States or a US Person, will either make or be deemed to have made the acknowledgements, representations, warranties and agreements set forth in "*Legends on All Securities for Holders Whether or Not Located in the United States or U.S. Persons*" below. Qualified U.S. Purchasers may not resell their Common Shares in the United States or to, or for the account or benefit of, U.S. Persons. **However, for the avoidance of doubt, a sale of the Common Shares on the TSX will be free of restriction and satisfy the obligations set forth herein and in "*Legends on All Securities For All Holders Whether or Not Located in the United States or U.S. Persons*", so long as the transaction is not pre-arranged with a buyer in the United States or a U.S. Person or a person acting for the account or benefit of U.S. Persons or with a person otherwise known to be in the United States, a U.S. Person or a person acting for the account or benefit of U.S. Persons and is otherwise conducted in accordance with Regulation S.**

In general, under Rule 904 of Regulation S, Qualified U.S. Purchasers who are either: (a) non-affiliates of Alaris or (b) affiliates of Alaris solely by virtue of their status as an officer or director of Alaris may sell their Common Shares outside the United States in an "offshore transaction" (which would include a sale through the TSX) if neither the seller nor any person acting on its behalf engages in "directed selling efforts" in the United States. For a sale of Common Shares by an officer or director who is an affiliate of Alaris solely by virtue of holding such position, there would be an additional requirement that no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. Under Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Certain additional restrictions apply to a Qualified U.S. Purchaser of Common Shares who is an affiliate of Alaris other than by virtue of his or her status as an officer or director of Alaris. As defined in Rule 144 under the *U.S. Securities Act*, an "affiliate" of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of the issuer as well as principal shareholders of the issuer.

### **Legends on All Securities for All Holders Whether or Not Located in the United States or U.S. Persons**

All Common Shares issued, and all certificates (or other evidences of entitlement) issued in exchange therefor or in substitution thereof, will bear the legend set forth below (whether they are issued in certificated form or are held through the book-based system maintained by CDS). This legend will be placed on certificates (or other evidences of entitlement) for purchasers outside the United States, as well as on certificates (or other evidences of entitlement) for purchasers that are located in the United States, are U.S. Persons or are persons acting for the account or benefit of U.S. Persons. Consequently, each initial holder and each subsequent purchaser of the Common Shares will, or will be deemed to, represent, agree and acknowledge as follows:

ALARIS ROYALTY CORP. (THE "**CORPORATION**") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**U.S. INVESTMENT COMPANY ACT**"). THIS SECURITY AND ANY BENEFICIAL INTEREST HEREIN MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. BY ACQUIRING THIS SECURITY OR A BENEFICIAL INTEREST HEREIN, EACH HOLDER SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE WITH THE CORPORATION THAT: (1) IT IS EITHER: (A) OUTSIDE THE UNITED STATES AND NOT A U.S. PERSON AND NOT ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS OR (B) A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT; (2) IT WILL NOT OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR A BENEFICIAL INTEREST HEREIN IN THE UNITED STATES OR TO A U.S. PERSON OR TO A PERSON ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS; AND (3) IT IS NOT, AND SHALL NOT BE WHILE IT HOLDS ANY INTEREST IN THIS SECURITY (i) AN "EMPLOYEE BENEFIT PLAN" (WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (ii) A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**U.S. INTERNAL REVENUE CODE**"), (iii) ANY OTHER RETIREMENT OR BENEFIT PLAN SUBJECT TO ANY STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT WOULD HAVE THE SAME EFFECT AS ERISA SECTION 3(42) AND THE REGULATIONS OF THE U.S.

DEPARTMENT OF LABOR CODIFIED AT 29 C.F.R. SECTION 2510.3-101 (TOGETHER, THE "**PLAN ASSET REGULATIONS**") TO CAUSE THE UNDERLYING ASSETS OF THE CORPORATION TO BE TREATED AS ASSETS OF THAT INVESTING ENTITY BY VIRTUE OF ITS INVESTMENT (OR ANY BENEFICIAL INTEREST) IN THE CORPORATION AND THEREBY SUBJECT THE CORPORATION TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS CONTAINED IN ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE ("**SIMILAR LAW**"), OR (iv) AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN (i)-(iii) UNDER THE PLAN ASSET REGULATIONS OR SIMILAR LAW (EACH OF (i)-(iv), A "**PLAN**") AND NO PORTION OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS SECURITY OR BENEFICIAL INTEREST THEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF A PLAN.

THE CORPORATION HAS THE RIGHT TO COMPEL ANY SECURITY HOLDER OR BENEFICIAL HOLDER TO SELL ITS SECURITIES OR INTEREST THEREIN, OR MAY SELL SUCH COMMON SHARES OR INTEREST THEREIN ON BEHALF OF SUCH PERSON, WHERE SUCH PERSON DOES NOT SATISFY THE REQUIREMENTS IN THE PARAGRAPH ABOVE.

THE CORPORATION AND ITS AGENTS SHALL NOT BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. TRANSFERS OF THIS SECURITY OR ANY INTEREST HEREIN TO A PERSON USING ASSETS OF A PLAN TO PURCHASE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN WILL BE VOID AND OF NO FORCE AND EFFECT AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO SUCH PERSON NOTWITHSTANDING ANY INSTRUCTION TO THE CONTRARY TO THE CORPORATION OR ANY OF ITS AGENTS.

THE TERM "U.S. PERSON" SHALL HAVE THE MEANING SET FORTH IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED.

***Because at one time Alaris may have been an issuer with no or nominal assets, Rule 144 will not be available for resales of the Common Shares.***

Alaris may be deemed to have been at one time previously an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents. Consequently, Rule 144 under the U.S. Securities Act may not be available for the removal of the legend on the Common Share or for resales of the Common Shares. We are not obligated to nor are we likely to, make Rule 144 under the U.S. Securities Act available for resales of the Common Shares.